

OVERSEAS NEWS

US determined to keep microchip trade pact

BY LOUISE KEHOE IN SAN FRANCISCO AND CARLA RAPOPORT IN TOKYO

THE US is determined to keep its semiconductor trade pact with Japan, US industry and trade officials said yesterday.

Indeed US chip makers have themselves objected to Japanese price and production controls and have recommended that the US government should retain trade sanctions against Japan until they are changed.

Yesterday officials at the Ministry of International Trade and Industry would only add: "We are carefully studying the ruling, so we cannot say our official position yet."

Two Palestinians killed in clashes with Israeli troops

BY ANDREW WHITLEY IN JERUSALEM AND LIONEL BARBER IN WASHINGTON

CLASHES between Israeli soldiers and Palestinian demonstrators in and around the West Bank city of Hebron yesterday killed two Palestinians youths.

Anglican church threatens to sue Botha

By Anthony Robinson in Johannesburg

CHURCH-STATE relations in South Africa have worsened after a police raid on the house of a Roman Catholic bishop and possible defamation proceedings against President P W Botha by the Anglican church.

China to end subsidies on grain in trial

By Robert Thomson in Peking

CHINA IS to abolish grain subsidies in two areas, with World Bank prompting and funding, in a free market experiment which touches on one of the most sensitive subjects in Chinese politics.



THUMBS UP: A victory wave from Joe Bossano

Socialist landslide in Gibraltar rocks talks on colony's future

BY TOM BURNS IN MADRID

THE landslide election victory of Mr Joe Bossano's Gibraltar Socialist Labour Party threatens to engulf the negotiations between Britain and Spain over the colony's future.

In 1947 after his family spent periods virtually as refugees in Morocco, London and Northern Ireland.

Benetton to open in Moscow

By Paul Betts in Paris

BENETTON, the Italian clothing company, is planning to open the first Western boutique in the centre of Moscow this summer.

"The growth in spending power and the size of the market makes the Soviet Union very attractive," he said in Paris yesterday.

Gephardt needs miracle in Michigan to stay in race

BY LIONEL BARBER IN WASHINGTON

CONGRESSMAN Richard Gephardt of Missouri needs a "Michigan miracle" today if he is to survive in the Democratic presidential race.

EC agrees pact with Gulf states

By David Buchan in Brussels

THE European Commission yesterday agreed a pact with the Gulf Co-operation Council.

Premier warns on inflation

By Robert Thomson

LI PENG, the Chinese Premier, warned yesterday that inflation was the "outstanding problem" faced by the government in its modernisation drive.

Iran sets terms for Gulf talks

BY JAMES BOND

IRAN yesterday suggested it would not join a new round of Gulf peace talks scheduled to begin next week unless the United Nations investigates recent alleged use of chemical weapons by Iraq, Reuters reports.

Paris bombing suspect is freed

By George Graham in Paris

A FRENCH judge has released Mr Mohammed Mouchajet, one of the suspects in the wave of bombings which swept Paris in 1985.

Iran sets terms for Gulf talks

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Spy arrest uncovers more love than hate between Germans

David Marsh on the not-so-foreign relations of espionage between neighbours

THE latest tragicomic arrest of a Bonn government secretary as a suspected East German spy, which sparked a fresh espionage swap yesterday, has confirmed three basic points about tortuous East-West German relations.

James Bonds. Security officials say the overall network of East German helpers include pensioners who have been hired by the East to collect bus timetables on the western side of the 800-mile East-West German border to aid the infiltration of proper agents.

Officially she was given the somewhat miserly amount of DM20,000 (\$2,500) for her services.

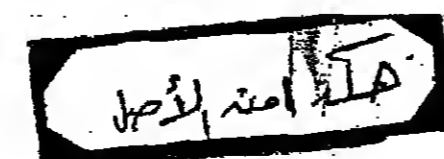
Mr Boden said the case was not so severe as the uncovering of the former aide to Chancellor Willy Brandt, Mr Guenter Guillaume, whose arrest in 1974 caused Mr Brandt's resignation.

Nissan may stop selling 4WD vehicle in S Africa

BY IAN RODGER IN TOKYO

NISSAN MOTOR, Japan's second largest car maker, said yesterday it would probably stop shipping its Patrol four-wheel-drive vehicle to South Africa.

FINANCIAL TIMES logo and publication details, including address and subscription information.



NO EASTER SAILINGS; HERE'S WHY

P&O European Ferries



25th March 1988

Dear Passengers

Since December 1987, we've been discussing with the National Union of Seamen the urgent need to get rid of outdated working practices.

Working practices, for example, that allow a large number of our employees 271 days off per year, working only 84 twenty-four hour duties, which include appropriate rest periods for sleep and meals.

There is no choice; to meet the challenge of the future, in particular the Channel Tunnel, we have to make changes now.

The Officers' Union accepted this need and reached an agreement with us; the NUS called its men and women out on strike.

Because of this strike, P&O European Ferries regret that they will not be able to run any ferry services from Dover to Calais, Zeebrugge or Boulogne over the Easter Period.

We apologise to our passengers for the disruption and hope our normal services will be returned as soon as possible.

Yours sincerely

Peter Ford
Chairman
P&O European Ferries (Dover) Limited

UK COMPANY NEWS

Systems Designers buys Scicon

By Nikki Tait

Systems Designers, the UK software producer in which British Aerospace holds a 23 per cent stake, is paying £82.5m for Scicon...

expenses via a rights issue of ordinary and convertible shares. The terms of the rights issue are three new ordinary shares at 50p a share and one new £1.65 per cent convertible preference share at par for every four ordinary shares...

take up those shares, its stake would rise to about 25 per cent. The BAE pension fund holds a further 2 per cent.

corporates head office costs - knocked £13.9m, £37.7m and £23.2m off Scicon's profits in those respective years.

Agreed bid takes Glass Glover private

By Nikki Tait

The mystery acquirer for Glass Glover, the fresh fruit grower and distributor, was revealed last night when the company is to be taken private through a recommended bid by the company's management...

Fraser details objections to latest Lonrho report

By Andrew Hill



Sir Edward du Cann - answered allegations point by point

House of Fraser, the department store chain which owns Harrods, opened another round of its long-running battle with Lonrho yesterday by publishing its objections to the international trading group's latest annual report.

A letter detailing some of Fraser's objections was offered to another group of Lonrho shareholders as they arrived at the Grosvenor House for the company's annual general meeting.

panies with the balance printed in operating companies in the UK and the Americas. At last year's AGM four investors forced a poll on the acceptance of the 1986 accounts and subjected Sir Edward, a former Conservative MP known for his deft handling of such meetings, to hostile questioning.

Decisive rejection for Dobson Park bid

By Clay Harris

MS International retained its independence yesterday when shareholders decisively rejected the £38m takeover bid from Dobson Park Industries...

accepted by only 5.9 per cent of MS shareholders. The bid's fate was sealed by the decision of two significant institutional shareholders, M&G with 8.9 per cent and Provident Mutual with 7.5 per cent...

appointed with the outcome, but added: "We now have a very strong position in a company which is a very close fit and we intend to hold on to it."

Mr Michael Bell, MS chief executive, said he was delighted with the support shown not only by the institutions but also by small shareholders.

Carlton £45m video deal in US

By David Waller

Carlton Communications, the television services group, is paying a maximum of \$88m (£45m) for Modern Video, a US-based company which specialises in the high-speed duplication of videotapes.

factory at Halmound in the Netherlands, opened in November last year. In Philadelphia, it also has a post-production facility. Mr Michael Green, chairman of Carlton, said this would complement the company's existing post-production business on West Coast of the US.

Mr Green suggested that the exit multiple, taking account of the earnings provisions, would end up at about 4½ times projected earnings. He said that Carlton's earnings this year would be enhanced as a result of the transaction.

Leisure Investments, management centre and stock club, has acquired 4.9 per cent of Dewey Warren Holdings, the insurance group in which Mr Robert Holmes a Court's Bell Group holds a significant stake.

Leisure has a 4.9% stake in Dewey Warren

By Fiona Thompson

Leisure Investments, management centre and stock club, has acquired 4.9 per cent of Dewey Warren Holdings, the insurance group in which Mr Robert Holmes a Court's Bell Group holds a significant stake.

Drayton is being financed by £1.5m of ordinary share capital - of which management is supplying £140,000 - and £14.5m of preference share capital. There is then some loan stock and a loan facility - unspecified but believed to be over £20m - from Standard Chartered.

Manders profit little changed

Manders (Holdings), Wolverhampton-based paint, printing ink and property company, yesterday reported pre-tax profits of \$4.9m for the year to end December 1987, against \$5m for the previous year when the figures included an exceptional credit of £178,000.

Buoyant markets boost Aspen profits to £3.4m

By Fiona Thompson

Aspen Communications, the GSM-quoted corporate video, media, mobile communications and specialist print group, increased pre-tax profits by 82 per cent to £3.4m for the year to end December 31 1987.

Atlantic Assets' new proposals

By Nikki Tait

Atlantic Assets, one of the Ivory and Size investment trusts where shareholders voted down reconstruction proposals last month, confirmed yesterday that it would be putting forward new proposals for the future of the company "as soon as is practicable".

Victoria Wine buys Agnews

By Lisa Wood

Victoria Wine, the off-licence subsidiary of Allied Lyons, the food and drink group, is buying Agnews, a Scottish off-licence chain of 60 shops owned by Seagram, the Canadian distiller.

Brothers and 57 Oddbins outlets in 1984. The strategy was to go into the retail end of the trade as Seagram owns no public houses in the UK unlike its UK drinks competitors. In addition the ownership of an off-licence chain interested in wine. Agnews, like Gough Brothers, is a more conventional outlet with a strong emphasis on beer and lager.

Victoria Wine went through a difficult period four years ago when according to Mr Alan Smith, Victoria Wine's managing director, trading profits was at less than acceptable levels. Since then profitability has improved. Mr Smith said this was for several reasons. Overhead costs had been spread as the chain got interested in wine. Agnews, like Gough Brothers, is a more conventional outlet with a strong emphasis on beer and lager.

These requirements - enabling shareholders who wish to do so to realise their investment in full at a price not materially less than asset value otherwise than by a sale on the Stock Exchange.

Revised proposals for Drayton

By Nikki Tait

The long-running saga at Drayton Japan, the £280m MIM-managed investment trust, flickered back into life yesterday as the board announced revised reconstruction proposals for the fund.

Ferry Pickering midterm rise

By Fiona Thompson

An increase in interim pre-tax profits from £1.2m to £1.4m was reported by Ferry Pickering yesterday, following a rise in the six months to December 31, 1987 from £1m to £2.7m.

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Plessey agrees to GEC link-up

By Terry Dodswoth

The agreement to merge the telecommunications activities of Plessey and General Electric Company had put the British industry in a "strong and challenging" position in world markets, Sir John Clark, chairman of Plessey, said yesterday.

which were approved by an overwhelming majority. After many years of bitter rivalry, Plessey and GEC now intend to launch the new collaborative venture at the beginning of April.

Neither side would seek to dominate, and as chairman he would aim to ensure that the telecommunications group invested appropriately in marketing, research and development and manufacturing to compete effectively on the world market.

Mr George Nissen has been appointed a director of THE UNION DISCOUNT COMPANY OF LONDON. He is chairman of the Gilt Edged Market Makers Association.

NatWest senior posts

By Fiona Thompson

Mr Derrick Plummer has been appointed NATIONAL WESTMINSTER BANK's regional general manager Middle East, Africa, India and Latin America. He succeeds Mr Len Shackleton who retires at the end of March. Mr Plummer was senior international executive, sovereign risk unit. His successor, Mr Bob Craggan, moves from the international credit control department, where he was senior manager.

Dividends Announced

Table with columns: Company Name, Current Dividend, Date of Payment, Corresponding Dividend, Total for Year, Total for Last Year.

London Recent Issues

Table with columns: Issue Name, Amount, Price, Yield, etc.

Appointments

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MECCA LEISURE

MECCA LEISURE has appointed Mr Barry Anderson as divisional managing director for both entertainment and social clubs. He was managing director of the social clubs division, where he is succeeded by his deputy, Mr John Kelly. Mr Tony Marshall becomes assistant managing director, entertainment, from his previous post as operations manager.

LANE CLARK & PRACOCK

LANE CLARK & PRACOCK, actuaries, has admitted Mr F.R.E. Scott as a partner.

RIGHTS OFFERS

Table with columns: Company Name, Issue Name, Amount, Price, Yield, etc.

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FT - ACTUARIES WORLD INDICES

Jointly compiled by the Financial Times, Goldman, Sachs & Co., and Wood Mackenzie & Co. Ltd., in conjunction with the Institute of Actuaries and the Faculty of Actuaries

Table with columns for National and Regional Markets, Thursday March 24 1988, Wednesday March 23 1988, and Dollar Index. Rows include Australia, Austria, Belgium, Canada, Denmark, Finland, France, West Germany, Hong Kong, Ireland, Italy, Japan, Korea, Malaysia, Mexico, Netherlands, New Zealand, Norway, Singapore, South Africa, Spain, Sweden, Switzerland, United Kingdom, USA, and The World Index.

Base values: Dec 31, 1986 = 100; Financial Dec 31, 1987 = 115.07 US \$ Index, 92.79 (Pound Sterling) and 94.94 (Local). Copyright, The Financial Times, Goldman, Sachs & Co., Wood Mackenzie & Co. Ltd. 1987. Danish Stock Exchange closed in order to implement electronic trading system. Latest prices were available for this edition.

TRADING VOLUME IN MAJOR STOCKS

Table showing trading volume for various stocks including ASDA, Allied-Lenox, Amstar, Anglo, Anglo Irish, Anglo Overseas, Anglo Pacific, Anglo South Africa, Anglo USA, Anglo West Africa, Anglo West Europe, Anglo World, Anglo Japan, Anglo Hong Kong, Anglo India, Anglo Australia, Anglo New Zealand, Anglo South America, Anglo Africa, Anglo Middle East, Anglo Europe, Anglo Asia, Anglo Oceania, Anglo Pacific, Anglo South Africa, Anglo West Africa, Anglo West Europe, Anglo World, Anglo Japan, Anglo Hong Kong, Anglo India, Anglo Australia, Anglo New Zealand, Anglo South America, Anglo Africa, Anglo Middle East, Anglo Europe, Anglo Asia, Anglo Oceania.

ECONOMIC DIARY

TODAY: Mr John Moore, Secretary of State for Social Services, and Mr Douglas Hurd, Secretary of State for the Home Office, attend Gull of British Newspaper Editors' conference in Birmingham. TOMORROW: British summer time begins - clocks go forward one hour. MONDAY: Confederation of British Industry monthly trends enquiry (March). Ministry of Agriculture, Fisheries and Food publishes Food facts (fourth quarter). European Community agriculture council meets in Brussels (until March 29). Mr Franz Vranitzky, Austrian Chancellor, pays visit to Saudi Arabia. The Economist holds conference 'Doing business with the new Japan' at Park Lane Hotel, London W1. Portugal's two largest trade unions plan nationwide general strike. International Book Fair opens at Olympia (until March 30). London launch of people's petition against the poll tax. Pearson preliminary figures. Japanese preliminary industrial production and retail sales figures (February). THURSDAY: Bank of England publishes the following statistics: London sterling certificates of deposit (February); Bill turnover statistics (February); UK banks' assets and liabilities and the money stock (February) and sterling commercial paper (February). US leading indicators. Mr Jacques Chirac, French Prime Minister, leaves for electoral tour of French overseas territories. Design of the Canary Wharf development revealed at the Queen Elizabeth II Conference Centre, London. Princess of Wales opens airport terminal at Brigg, South Humberside. Metal Clauses and George Wimpey issue preliminary statements. US factory orders (February). WEDNESDAY: Department of Transport issues new vehicle regulations (February). Ferry dispute ballot closes. British Aerospace, Bover and Standard Chartered Bank announce preliminary results. THURSDAY: Energy trends statistics (January) announced by the Department of Energy. Result of ferry dispute ballot. Takeover Panel makes statement on new guidelines. Businesswomen of the Year award ceremony at the Institute of Directors, 116 Pall Mall, London SW1. FRIDAY: Japanese unemployment figures (February).

FT-ACTUARIES INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

Table with columns for Equity Groups & Sub-sections, Friday March 25 1988, The Mar 24, The Mar 23, The Mar 22, and Year ago (approx). Rows include 1 CAPITAL GOODS (287), 2 Building Materials (30), 3 Chemicals (28), 4 Electronics (11), 5 Mechanical Engineering (30), 6 Metals and Metal Finishing (7), 7 Motors (13), 8 Other Industrial Materials (8), 9 CONSUMER GROUPS (28), 10 Breweries and Distillers (21), 11 Food Manufacturing (23), 12 Food Retailing (16), 13 Health and Household Products (10), 14 Leisure (3), 15 Packaging and Paper (16), 16 Publishing and Printing (16), 17 Stores (9), 18 Textiles (18), 19 OTHER GROUPS (95), 20 Agencies (19), 21 Chemicals (20), 22 Conglomerates (14), 23 Shipping and Transport (12), 24 Telephones and Printing (12), 25 In Insurance (25), 26 INDUSTRIAL GROUPS (57), 27 Oil & Gas (13), 28 SBI SHARE INDEX GROUP, 29 FINANCIAL GROUP (122), 30 Banks (8), 31 Insurance (Life) (8), 32 Insurance (General) (7), 33 Insurance (Brokers) (7), 34 Merchant Banks (11), 35 Property (5), 36 Other Financial (6), 37 Investment Trusts (22), 38 Mining (Finance) (2), 39 Overseas Traders (2), 40 ALL-SHARE INDEX (74), 41 FT-100 SHARE INDEX (176.5).

FIXED INTEREST

Table showing Average Gross Redemption Yields for various fixed interest instruments including British Government, 1-5 years, 5-15 years, 15-25 years, All stocks, Index-Linked, 6-5 years, 7-Over 5 years, 8 All stocks, 9 Shares & Loans, 10 Preference.

Opening index 1779.5; 10 am 1773.3; 11 am 1779.3; Noon 1770.2; 1 pm 1767.3; 2 pm 1760.4; 3 pm 1767.2; 3.30 pm 1768.4; 4 pm 1770.9. Equity section or group, Base date, Base value, Equity section or group, Base date, Base value, Equity section or group, Base date, Base value.

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CATALYST COMMUNICATIONS GROUP 1987 Results. Turnover £1,401,963 £10,039,564. Profit on continuing activities before tax £1,109,148 £563,322. Profit before tax £955,480 £563,322. Earnings per share on continuing activities less attributable tax 5.1p 2.4p. Earnings per share 4.1p 2.4p.

GRANVILLE SPONSORED SECURITIES. High Low Company Price Change Div Yield % P/E. 286 130 Am. Bril. Ind. Ordinary 285 0 8.9 4.6 7.5. 207 145 Wm. Ind. OILS 105 0 10.0 3.1. 41 25 Avon and Rhoads 28 -1 - - - - -.

Tourist Tax Free Shopping. Of the VAT refund service companies, Tourist Tax Free Shopping had the greatest understanding of our needs as a retailer. That's good to hear, comments Lars Weinder, Tourist Tax Free Shopping's Managing Director, because right from the start it has been our objective to be much more than shufflers of paper and wailers of cheques. Together with our sister companies in the Europe Tax Free Shopping group, we offer an extensive service to the retail trade, and to do this we had to learn its problems and understand its needs. Jaeger was among the first of many thousands of UK retailers who have chosen the TFS system. We relieve all these stores of a very heavy workload, quickly handling thousands of claims for VAT refunds. We also supply them with attractive display material, help them train and motivate their staff, publicise them in our Shopping Guides, and promote them in this country and abroad. And all for free! And we know that Jaeger is one of many who have seen a rise in export sales as a result. Tourist Tax Free Shopping Europe's Largest VAT Refund Service.

WORLD STOCK MARKETS

NEW YORK (3 pm)

Table of stock prices for various companies in New York, including AMT, AMR, and others.

Wall Street

Dollar fears depress Dow further

Continued concern about the health of the dollar and its impact on interest rates kept Wall Street under pressure in Thursday's session.

Canada

Declining golds tugged most Toronto shares lower despite advances by industrial and basic metals in moderate trading.

Australia

Selling pressure in all sectors wiped out Thursday's gains as resource prices fell sharply.

North American closing prices

Table of closing prices for major North American indices.

Tokyo

Wall Street's overnight tumble and the falling dollar left share prices lower.

Frankfurt

Large losses in New York and other major centres added to local worries, pushing West German share prices sharply lower.

Zurich

Small turnover saw Swiss share prices close sharply lower but slightly above the day's lows.

Amsterdam

Professional players sold stock on a modest scale and Dutch shares closed well down, but off the day's lows after a better than

Hong Kong

The day was overshadowed by Thursday's sharp drop on Wall Street and speculation that local banks may raise interest rates this weekend.

Paris

Quiet pre-weekend trade left French shares down but above their morning lows. The recovery followed New York's relatively steady opening.

Brussels

Thursday's sharp drop on Wall Street, the easier dollar and gloom about the political situation in Belgium combined to push shares lower.

Switzerland

Small turnover saw Swiss share prices close sharply lower but slightly above the day's lows.

Germany

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Japan

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South Africa

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Australia

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INDICES

Table of various stock indices including Dow Jones, S&P 500, and others.

Table of trading activity for major indices.

Table of Canada stock indices.

Table of New York active stocks.

Table of international stock markets including Australia, Europe, and Asia.

Table of international stock markets including South America and Africa.

Notes and disclaimers regarding the data provided in the tables.

CURRENCIES AND MONEY

WORLD STOCK MARKETS

FOREIGN EXCHANGES

Trade figures depress pound

A DREADFUL set of UK trade figures and a previous build up of long sterling positions, spelt bad news for the pound yesterday. Investors waited no time in unwinding positions, as the prospect of any attempt to break the DM3.10 level vanished with news of a high of DM3.050, the pound fell sharply to a low of DM2.925, having risen on the way down at a sharp support level of DM3.040.

The pound closed at DM2.9775, down from DM3.050 on Thursday and ¥230.0 compared with ¥231.75. Elsewhere it fell to FF10.5225. On Bank of England figures, its exchange rate index fell to 76.7 from 77.1 at the opening and Thursday's close.

The UK current account deficit for February narrowed to £70m from a revised January shortfall of £84m, while the visible trade deficit was £1.3bn after a revised £1.4bn.

against the dollar in 1987/88 is 1.9305 to 1.5740. February average 1.6366. Exchange rate index 145.0 against 146.4 six months ago.

Trade figures cap poor week for equities

Another set of abysmal UK trade returns rounded off a rough week for the UK equity market. The figures showed Britain's trade with the rest of the world last month £720m deficit and much worse than expected, compared with a median forecast of £40m; one of the leading US investment houses had even predicted a small surplus. Leading shares, tender and still leading from Thursday's heaviest fall of the year, immediately slithered further and the FT-SE index closed 14.3 down at 1779.3.

FINANCIAL TIMES STOCK INDICES table with columns for Mar 25, Mar 24, Mar 23, Mar 22, Mar 21, Year Ago, High, Low, and other metrics.

deals, representing a placing, were carried out by Moore Govett. Cable & Wireless, still affected by the BZW "sell" recommendation, drifted a few pence to 326p on turnover of 2.4m. Ferranti's presentation to analysts on Thursday drew a number of "buy" recommendations and at least one upgraded profit condition but widespread profit-taking and general market conditions left the stock 3 off at 81p. Ferranti's turnover was £2m.

£ IN RETAIL PRICES

Table showing retail prices for various goods like 1st, 2nd, 3rd, 4th, 5th, 6th, 7th, 8th, 9th, 10th, 11th, 12th, 13th, 14th, 15th, 16th, 17th, 18th, 19th, 20th, 21st, 22nd, 23rd, 24th, 25th, 26th, 27th, 28th, 29th, 30th, 31st, 32nd, 33rd, 34th, 35th, 36th, 37th, 38th, 39th, 40th, 41st, 42nd, 43rd, 44th, 45th, 46th, 47th, 48th, 49th, 50th.

DOLLAR SPOT - FORWARD AGAINST THE POUND

Table showing dollar spot and forward rates against the pound for various terms like 1 month, 3 months, 6 months, 9 months, 12 months.

STERLING INDEX

Table showing the sterling index for various countries like USA, Canada, West Germany, France, Italy, Japan, Switzerland, and others.

CURRENCY RATES

Table showing currency rates for various countries like Australia, Canada, Hong Kong, India, Japan, New Zealand, Singapore, South Africa, and others.

EURO-CURRENCY INTEREST RATES

Table showing Euro-currency interest rates for various terms like 1 month, 3 months, 6 months, 9 months, 12 months.

OTHER CURRENCIES

Table showing other currencies like Australian Dollar, Canadian Dollar, Hong Kong Dollar, Indian Rupee, Japanese Yen, New Zealand Dollar, Singapore Dollar, South African Rand, and others.

MONEY MARKETS

UK rates edge firmer

PROSPECTS of an early cut in UK base rates took a nose dive yesterday, after disappointing trade figures. Interbank rates were marked up 4/8 of a point as sterling tumbled 4/8 of a point to the pound's decline, at one point below DM3.07, effectively removed the only key factor - namely upward pressure on sterling - behind recent speculation on a reduction in rates.

FT LONDON INTERBANK FIXING

Table showing FT London interbank fixing for various terms like 1 month, 3 months, 6 months, 9 months, 12 months.

MONEY RATES

Table showing money rates for various terms like 1 month, 3 months, 6 months, 9 months, 12 months.

LONDON MONEY RATES

Table showing London money rates for various terms like 1 month, 3 months, 6 months, 9 months, 12 months.

LONDON TRADED OPTIONS

Table showing London traded options for various stocks like Lloyds, NatWest, and others.

NEW HIGHS AND LOWS FOR 1987/88

Table showing new highs and lows for 1987/88 for various stocks like British Airways, British Petroleum, and others.

DISCOUNT

Discount, pointed out that of the year's projected deficit, one quarter had been accounted for in the first month and a cumulative one third after just two months.

NEW YORK

The forecast was revised to a shortage of around £500m and the Bank gave assistance in the morning of £24m through outright purchases of £34m of eligible bank bills in band 1, £21m in band 2 and £25m in band 4, all at 8% p.c. Further help in the afternoon came to £175m through outright purchases of eligible bank bills in band 1 at 8% p.c. Late

DISCOUNT

help came to £40m, making a total of £538m.

DISCOUNT

The firm trend in cash rates was reflected in the average rate of discount at the weekly Treasury bill tender. This rose to 8.3038 p.c. from 8.1283 p.c. the week before.

DISCOUNT

Next week a further £100m of bills will be on offer, replacing a similar amount of maturities.

DISCOUNT

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LONDON STOCK EXCHANGE

DEALINGS

Details of business done above have been taken with permission from the London Stock Exchange Official List and should not be regarded as an indication of any recommendation...

Corporation and County Stocks

- List of various corporation and county stocks including London Corporation, City of London, and various county stocks.

UK Public Boards

- List of UK public boards including Agricultural Mortgage Corp, British Telecom, and others.

Foreign Stocks, Bonds

- List of foreign stocks and bonds from various countries including Australia, Canada, and the USA.

Banks and Discount Companies

- List of banks and discount companies such as Bank of America, Citibank, and others.

Breweries and Distilleries

- List of breweries and distilleries including Carlsberg, Heineken, and others.

Automotive Holdings

- List of automotive holdings including various car manufacturers and related companies.

Chemicals

- List of chemical companies including ICI, DuPont, and others.

Engineering

- List of engineering companies including BHP, British Steel, and others.

Food and Drink

- List of food and drink companies including Unilever, Nestle, and others.

General

- List of general companies including various industrial and service firms.

Insurance

- List of insurance companies including various life and fire insurers.

Investment Trusts

- List of investment trusts including various funds and trusts.

Registered Housing Associations

- List of registered housing associations.

Commercial, Industrial, etc

- List of commercial, industrial, and other companies.

Registered Housing Associations

- Another list of registered housing associations.

Registered Housing Associations

- A third list of registered housing associations.

Registered Housing Associations

- A fourth list of registered housing associations.

Registered Housing Associations

- A fifth list of registered housing associations.

7% 1st Mtg Deb

- List of 7% 1st Mtg Deb securities.

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- A twelfth list of 7% 1st Mtg Deb securities.

7% 1st Mtg Deb

- A thirteenth list of 7% 1st Mtg Deb securities.

British Airways

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Railways

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- A thirteenth list of railway securities.

LEADERS AND LAGGARDS

Table showing percentage changes since December 31 1987 based on Thursday March 24 1988. Columns include various market indices and their percentage changes.

RISES AND FALLS

Table showing rises and falls on Friday and on the week. Columns include British Funds, Corporations, and other categories with their respective values.

BANK RETURN

Table showing banking department returns for Wednesday March 23 1988. It includes sections for LIABILITIES, ASSETS, and ISSUES DEPARTMENT.

BASE LENDING RATES

Table showing base lending rates for various banks and financial institutions. It includes columns for bank names and their respective rates.

EUROPEAN OPTIONS EXCHANGE

Table showing European options exchange data. It includes columns for series, call/put status, and various price points.

ESSEX

The Financial Times proposes to publish this survey on: 6th MAY. For a full editorial synopsis and advertisement details, please contact: Brett Trafford on 01-248 8000 ext 5116 or write to him at: Bracken House 10 Cannon Street London EC4P 4BY.

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Main table listing authorized unit trusts. Columns include trust names, managers, and other details. The table is organized into several columns and rows, covering a wide range of investment funds.

FT UNIT TRUST INFORMATION SERVICE

Handwritten note: 10/1/10

Main table containing unit trust information, including columns for company names, fund names, and numerical values. Includes a sub-section titled 'INSURANCES'.

INSURANCES

Continued on next page

FT UNIT TRUST INFORMATION SERVICE

Main table containing unit trust information, organized into columns for various fund categories and providers. Includes sections for 'OFFSHORE AND OVERSEAS' and 'MANAGEMENT SERVICES'.



FT UNIT TRUST INFORMATION SERVICE

LONDON SHARE SERVICE

Handwritten note: "July 1988"

Main table of FT Unit Trust Information Service, listing various unit trusts with columns for Name, Investment Objective, and other details.

BRITISH FUNDS

Table of British Funds, including sub-sections for 'Shorts' (Live up to Five Years), 'Five to Fifteen Years', and 'Over Fifteen Years', listing fund names, prices, and yields.

BRITISH FUNDS - Cont'd

Continuation of British Funds table, listing 'Index-Linked' funds and 'CORPORATION LOANS'.

COMMONWEALTH & AFRICAN LOANS

LOANS

Table of Commonwealth & African Loans, listing loan names, amounts, and interest rates.

Public Board and Ind.

Table of Public Board and Industrial shares, listing company names and prices.

Continued on next page

FOREIGN BONDS & RAILS

Table of Foreign Bonds & Rails, listing international bond and rail investments with prices and yields.

AMERICANS

Table of American investments, listing US stocks and bonds.

Continued on next page

Money Market

Table of Money Market rates, including bank deposit and loan rates.

Trust Funds

Table of Trust Funds, listing various trust investment vehicles.

Money Market Bank Accounts

Table of Money Market Bank Accounts, listing bank offers and interest rates.

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LONDON SHARE SERVICE

AMERICANS - Contd. Table listing various American stocks and their prices.

CANADIANS Table listing various Canadian stocks and their prices.

BANKS, HP & LEASING Table listing bank and leasing company stocks.

BEERS, WINES & SPIRITS Table listing stocks in the beverage industry.

BUILDING, TIMBER, ROADS Table listing stocks in the construction sector.

BUILDING, TIMBER, ROADS Contd. Table continuing construction stocks.

CHEMICALS, PLASTICS Table listing stocks in the chemical industry.

DRAPERY AND STORES Table listing stocks in the retail clothing sector.

DRAPERY AND STORES Contd. Table continuing retail clothing stocks.

ENGINEERING Table listing stocks in the engineering industry.

DRAPERY AND STORES - Contd. Table continuing retail clothing stocks.

ELECTRICALS Table listing stocks in the electrical industry.

ENGINEERING - Contd. Table continuing engineering stocks.

ENGINEERING - Contd. Table continuing engineering stocks.

INDUSTRIALS (Misc.) - Contd. Table continuing miscellaneous industrial stocks.

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INDUSTRIALS (Misc.) - Contd. Table continuing miscellaneous industrial stocks.

INSURANCES Table listing stocks in the insurance industry.

GUARANTEED PERFORMANCE
Leading the way
TELEPHONE: 01-229 1260 TELEFAX: 27929

FINANCIAL TIMES

Saturday March 26 1988

WORKING WITH NEW TECHNOLOGIES
Leading the way
TELEPHONE: 01-229 1260 TELEFAX: 27929

Bad trade figures hit UK markets

SIMON HOLBERTON AND PHILIP STEPHENS

UK FINANCIAL markets fell sharply yesterday in the wake of bad trade figures, which showed another large deficit, but later regained some of their composure to end the day off their lows.

Nigel Lawson, Chancellor and Mr Robin Leigh-Pemberton, Governor of the Bank of England. The meeting was described as a routine post-Budget review, but it was privately acknowledged in Whitehall that the principal aim was to clarify official policy towards the exchange rate.

Du Pont to phase out products which harm ozone layer

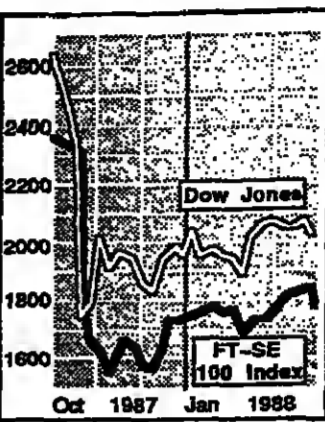
By James Suchan in New York

DU PONT, the big US chemicals company, is to phase out a group of products widely suspected of damaging the ozone layer in the upper atmosphere which protects life on earth.

THE LEX COLUMN

Equities peer into the gloom

FT Index fell 13.3 to 1408.3



A nervous shiver has run through the financial markets this week. The earlier bullish mood, which had seen share prices around the world nudging their highest levels since last October's Crash, has given way to a much more gloomy view.

large below the line costs. Those costs appear to be easily eliminated, on which basis the deal looks acceptable; and if Systems Designers can also bring operating costs in line with its own, it starts to look positively cheap.

Bonn hunts for East German spy suspects

By David Marsh in Bonn

AN OPERATION to round up suspected East German spies was under way in West Germany yesterday. Police are believed to have called in 15 people for questioning.

Reagan issues warning to Israel

BY LIONEL BARBER IN WASHINGTON

PRESIDENT Ronald Reagan yesterday warned Israel not to make a pre-emptive strike against Saudi Arabia's newly bought, Chinese-built, medium-range missiles.

Arabic, through diplomatic channels, had warned via the US that it would retaliate with existing missiles if the Israelis staged an air-strike.

Last Sunday Mr Yosi Ben Aharon, an aide to Mr Yitzhak Shamir, Israel's Prime Minister, said on Radio Israel "the possibility exists" his country could destroy the missiles.

US responds over Afghanistan

BY ROBIN PAULEY, ASIA EDITOR, IN GENEVA

THE UNITED STATES yesterday agreed in principle that the Geneva talks on securing a Soviet withdrawal from Afghanistan could be raised to super-power status.

become part of the Geneva negotiations. He also asked them to send senior diplomats to Geneva - presumably Mr Michael Armacost, US deputy secretary of state, and Mr Yuli Vorontsov, First Deputy Soviet Foreign Minister to try to resolve this issue.

Vorontsov has full lists of engagements next week. The chances of Soviet agreement are regarded by all parties in Geneva as slim. However, an important concession on the symmetry problem offered by the US during the Simla-Shevardnadze meeting has raised hopes.

Mr Shultz dropped his country's previous demand that any cut-off in US aid to the mujahideen should be accompanied by an indefinite, symmetrical cut-off of Soviet aid to Kabul.

OFT official's brother charged

BY RICHARD WATERS

The 26-year-old brother of an Office of Fair Trading employee was charged with two insider dealing offences yesterday, following a Department of Trade and Industry investigation of information leaked from the OFT.

believed to relate to alleged offences involving at least £10m. Mr Greenwood was charged with knowingly obtaining from his younger sister, Mrs Sara Coren, information that aids by McCosquedale plc for Richard Clay plc in August 1985 and the BFT bid for SGB plc in September 1985, had been referred to the Monopolies and Mergers Commission.

The charges said Mr Greenwood dealt with the companies shares when he knew the information was unpublished and price sensitive in relation to shares of the companies. Mr Greenwood's sister was suspended from duty during the DTI investigation.

Continued from Page 1
Seamen and changes to working conditions in a declining industry. Union officials had privately hoped a national strike threat issued on Monday would strengthen their negotiating position in talks aimed at ending the seven-week strike at Dover.

Trade deficit Continued from Page 1

forecast may also prove optimistic. Yesterday's figures indicate that the volume of exports, excluding oil and erratic items, fell by 3 1/2 per cent in the latest three months compared with the three months ending in November. Imports (again excluding oil and erratic) were 1/4 per cent lower over the same period.

In February, visible trade showed a deficit of £1.3bn, which was only partly offset by the estimated surplus of £600m on invisible transactions, including earnings from overseas assets. The new Customs procedures, introduced by all European Community countries, involved radical simplification of trade documentation.

Opposition politicians, however, seized on the figures as evidence that the economic strategy unveiled by the Government in the Budget was not sustainable.

Increased production and had also lifted the ceiling on its productivity bonus scheme to enable employees to improve their earnings by up to £2,50 a week. So far, the dispute is only affecting one of Jaguar's three plants. The company says its engine and transmission plant, employing 2,400 at Radford, Coventry, and the body assembly and paint shop, where 2,800 work at Castle Bromwich, Birmingham, are already achieving the required productivity levels.

Jaguar Continued from Page 1

lift productivity to combat shifts in the dollar/pound exchange rate, which cut pre-tax profits from £120.8m to £57m in the year to last December. It also wants to reduce customer waiting lists. "We are saying that we need to become much more efficient and productive if we are going to compete in the current economic environment," the company said. "We are asking employees to do a little more than they are doing today, but not more than it is within their capacity to achieve."

Jaguar added that it had taken on 600 more workers over the last 12 months in anticipation of increased production and had also lifted the ceiling on its productivity bonus scheme to enable employees to improve their earnings by up to £2,50 a week.

Yesterday, both sides were holding out the hope that a stoppage might be averted. Jaguar said it would endeavour to explain "even further" to the unions and workforce why it needed extra production and what that would mean. The unions said they were prepared to negotiate if the company withdrew the planned implementation date.

Table with 4 columns: Year, Price, Change, and Index. Includes entries for Clarke, Nickolls, Mackay, Marley, Matthews, Underwoods, etc.

Table with 4 columns: Year, Price, Change, and Index. Includes entries for Goldberg (A), Lon & Manchester, Midland Bank, Rank Org, Reuters B, Speyhawk, Standard & Chart, Tate & Lyle, Whitbread A, etc.

Table with 4 columns: Year, Price, Change, and Index. Includes entries for Apollo, Anglo, Aberdeen, Agip, Air France, Air India, Air Lanka, Air Mauritius, Air New Zealand, Air North, Air Pacific, Air South Africa, Air Sweden, Air Transat, Air West, Air Zimbabwe, etc.

THE NEW HIGH YIELD CATER ALLEN GILT INCOME FUND LIMITED
12.7% GROSS CURRENT YIELD
NOW WE'RE TALKING.
After 172 years we feel it's time to let the private investor know about us and about what we can offer.
Take our new High Yield Gilt Income Fund for example. It already enjoys substantial assets and delivers an estimated annual yield of 12.7% distributed gross every quarter.

Company Notices

FIDELITY INTERNATIONAL FUND Societe d'investissement a Capital Variable Luxembourg, 13 Boulevard de la Foire R.C. Luxembourg B 24.054

DIVIDEND NOTICE

At the Annual General Meeting held on March 17, 1988 it was decided to pay a dividend of US\$ 0,08 (five cents) per share on or after April 19, 1988 to shareholders of record on March 22, 1988 and to holders of bearer shares upon presentation of coupon No 2.

Paying Agent: FIDELITY INTERNATIONAL (C.I.) LIMITED 9, Bond Street St Helier, Jersey, Channel Island

KREDITBANK S.A. Luxembourgpoles 43, boulevard Royal L - 2956 LUXEMBOURG

USDOL 200.000.000 BANQUE D'ARBITRAGE, DE TRESORERIE ET D'INSTRUMENTS FINANCIERS - BAFIF (FRANCHE A AND FRANCHE B) GUARANTEED FLOATING RATE NOTES WITH GUARANTEED FLOOR WARRANTS DUE MARCH 1988

CLASSIFIED ADVERTISEMENT RATES

Table with columns: Per line (min 3 lines), single column cm (min 3 cm), Appointment, Commercial and Industrial Property, Opportunity Business, Personal, Motor Cars, Travel, Contracts, Tenders, Premium positions available.

MUIR-CARBY, BOTTKJAER, INC.

is pleased to announce the opening of their new office at 40 Rowes Wharf Boston, Ma 02110 Edward F. Coakley president 617-330-7660

FINANCE & THE FAMILY David Barchard explains what happens when a building society converts itself into a company Cheerful tidings for Abbey National customers

ABBEY NATIONAL'S decision to convert itself into a company is good news for those who had mortgages or savings deposits worth more than £100 with it at the end of the last financial year. They can look forward to several things: The right to vote on whether the conversion should go ahead. Preferential shares in the new company being set up. Other possible flotations privileges including a cash bonus. However, unless one takes the view that the Abbey National will find the going far slower than it expects, there is little point in rushing out now to put money with it.

money into societies about to become companies. Borrowing members (those holding Abbey National mortgages) and qualifying shareholders - those who have savings of more than £100 deposited with the society - will both have to vote to approve the transfer of the old building society's assets to the new plc which will replace it.

qualifying day, but cannot vote either because they are still minors or because they did not have £100 with the society at the end of the previous financial year, are entitled to a cash bonus, likely to be around £4 per £100, to compensate them for the loss of their notional share of the society's reserves.

est to the societies and generate their main income by doing so. To that extent they contribute more than savers. If there is little point in depositing funds with the Abbey National at this late hour, where else should one look? Two or three more conversions may well be announced this year.

vert for a few years might be a better strategy - though it is always possible, of course, that they will regard the Abbey National's announcement as their cut-off date. The Nationwide Anglia, for instance, is Britain's third largest building society but does not feel ready to become a public company in the near future.

Higher demand

NO GENERAL reduction in the cost of mortgages is expected to follow last week's cut in the bank base rate from 9 to 8.5 per cent. The reduction was against the trend and it would need another cut to bring home loans down, as banks and building societies are uncertain if the lower level will be sustained.

Higher demand

has launched a home loans scheme linked to Libor (the London Interbank Offered Rate). The rate, which is set quarterly, starts at a very competitive 9.5 per cent, only 0.75 per cent above present market rates.

Fracas at Framlington

Nikki Tait looks at the extraordinary takeover battle within the group FOR INVESTORS in the 13 Framlington unit trusts, this week's takeover battle can scarcely have been soothing.

Whether management will actually change as a result of current fracas - even if the Throgmorton bid wins the day - is an unknown factor.

Whether management will actually change as a result of current fracas - even if the Throgmorton bid wins the day - is an unknown factor. Throgmorton concedes that management changes could be expected in the event of its success, but stresses that "these will be at the business management level and not at the investment management level."

Weekend Business

Manufacturing Company based in West Midlands, with a turnover of 1.2M, aiming for 2.5M in 1989. ACTIVE FINANCIAL CONTROLLER prepared to invest £200,000 for a 40% shareholding. Reply to Box F9825, Financial Times, 10 Cannon Street, London EC4P 4BY

MAJOR TENDERS WANTED Growing American Company seeks \$10 million loan. Interested lenders please send inquiries to: The Beverly Corporation P.O. Box 968 Merrimack, MA 01945 USA

Businesses For Sale

RARE OPPORTUNITY AVAILABLE To purchase totally independent Jersey licenced financial management operation with significant development potential. Principals only to Box H3250, Financial Times, 10 Cannon Street, London EC4P 4BY

60' MOTOR YACHT BY 'RIVA' New may 86 only 300 hrs. use. todays price £1.2 mil for identical boat. Would accept £740,000. Finance available. Principles only please. Phone Deanne on 0532 581450

FIRST-CLASS FREEHOLD HOTEL FOR SALE AMSTERDAM £35,000 per room. Please write to Box H3250, Financial Times, 10 Cannon Street, London EC4P 4BY

UNUSUAL OPPORTUNITY IBIZA, SPAIN Well established, growing, highly profitable antique and decorating business in prime location. Comprehensive stock, fully equipped workshop, freehold buildings and land. Owner will train. Serious principle only. Write Box H3271, Financial Times, 10 Cannon Street, London EC4P 4BY

FINANCIAL TIMES CITYLINE 0698-123456 Financial Reports and Company Prices

PRICE WATERHOUSE and the FINANCIAL TIMES CONFERENCE ORGANISATION present

CAPITAL MARKETS WORKSHOP

13-15 APRIL, 16-18 MAY, 1-3 JUNE & 11-13 JULY 1988

The risks involved in trading often complex instruments in the capital markets are very clear and the events of last Autumn make the problems even more immediate. In these workshops a panel of Price Waterhouse and banking industry experts examines the risks and explains how they can be managed successfully.

Table listing speakers: Jonathan Britton, Finance Director, Sable Bank Corporation International Ltd; Graham Strickland, Chairman, Treasury, Norwest Bank International plc; Kevin Lee, Managing Director and Trading Group, Baring Brothers & Co Limited; Bob Fuller, Vice President, International Systems Division, Prudential-Scotts Securities; John Forreth, Director, Morgan Grenfell & Co Limited; Paul Heston-Wright, Assistant Managing Director, Baring Brothers & Co Limited; Keith Robertson, Manager, Finance & Options, Cresswell Selousman Brothers International Ltd; Richard Hilday, Managing Director, Capital Markets, Charterhouse Bank Limited.

Price Waterhouse FINANCIAL TIMES CONFERENCE ORGANISATION

To Financial Times Conference Organisation, 126, Jermyn Street, London SW1Y 4AU Tel: 01-925 2232 Telex: 27347 FICONFG Fax: 01-925 2125 Please stand me further details on the Capital Markets Workshop

Registration form with fields: NAME, POSITION, COMPANY, ADDRESS, TEL, TYPE OF BUSINESS.

John Edwards

Payment reminder

NOTICES have been sent this week to the 3m shareholders in British Gas reminding them that the third and final payment on their shares is now due and must be received by April 13. The total issue price of 18p was made up of three instalments: 5p in December 1986, 4p in June 1987, and the final payment of 4p.

Deadline on A-day

LEGISLATION aimed at improving investor protection is about to become effective as Ian Francis Mauds, the Corporate Affairs Minister, announced this week that A-Day, when the provisions of the 1986 Financial Services Act come into force, will be April 26.

The Alliance Trust PLC 1888 - 1988 One Hundred Years of Growth



Put not your trust in riches, but put your riches in trust. (John Gild, Chairman - Annual General Meeting, Dundee 1891)

Dividends Doubled Over 4 Years

- Final dividend increased by 11 1/2% and total for year by 10%. U.K. equities 47%, U.S.A. 34%, Elsewhere 9%, Cash 10%. SAVINGS SCHEME provides cheap, simple and convenient method of investing lump sums, gifts, regular savings and dividends. PERSONAL EQUITY PLAN gives tax efficient investment without initial and annual charges, maximum to be £3,000 following Budget.

Form for further information and a copy of the Report and Accounts, please return to: The Secretary, The Alliance Trust PLC, Meadow House, 64 Reform Street, Dundee DD1 1TJ

FINANCE & THE FAMILY

John Edwards eavesdrops on the Chester family

It may be time to reap those capital gains

"THE MORE I look at the Budget, the more confused I become. I just don't know what to do about the new capital gains tax. Should I sell my shares now, or wait, or what?"

"I just don't know what to do. Gerald is too busy preparing for the property surge and trying to get involved in a Business Expansion Scheme. And Bernard seems more concerned about the Deutscher and interest rates. Come on Robert, you should be able to help an old fogey like me. Hugh Chester appealed to his youngest son."

"Well, Dad," said Robert, a bit miffed that he was third choice for advice, "I can't predict what's going to happen to the stock market but I agree about the Budget. It certainly does change things a lot for investors. We will have to do a lot of new thinking. Most investment strategies until now have been based on turning income into capital to take advantage of the lower rate. Now it seems in today's market conditions, that is no longer worthwhile and we've got to adjust accordingly. Although the capital gains exemption is to be cut to £5,000 it is still useful, however, so one shouldn't go overboard."

"So, what do you suggest, Robert?" asked Hugh. "Well, Dad, you've got to make up your mind what to do pretty quickly before April 6, when the new tax system comes into force, and I agree it is rather confusing. So much so that I asked Elaine's sister, Bridget, if she could come to the



Hugh and Kathleen

office to give us a run-down. She's not my cup of tea, but she is an accountant and she knows who to contact at the Inland Revenue. She should be here shortly."

Right on cue, Robert's secretary announced that Bridget had arrived.

"Hugh's got a problem," said Robert after greeting his guest - in-law somewhat perfunctorily. "He's got quite a large portfolio of shares, including a large part of the family estate agency business - in which he is still paid as a consultant - although as you know Gerald has taken over as boss. Hugh's a bit confused as to what to do about the new capital gains tax and some of the shares he's been holding for some time. I must say I'm a bit interested too."

"Well," said Bridget. "I'll do my best, as it's the family. But, of course, so much depends on individual circumstances that I don't want to be pinned down."

"Spoken like a true accountant," said Robert. "As far as I understand it, under the new measures from April 6 all holdings bought before 1982 can be retained at their 1982 value for capital gains tax purposes and you can use that complicated indexation process to further reduce your liability. But if you wait until after April 6 then you face paying tax at your top rate of income tax. That means 40 per cent if you're a higher-rate taxpayer, instead of the present 30 per cent flat rate for capital gains."

"That's as clear as mud," said Hugh impatiently. "It may be easy enough to find out the value of quoted shares in April 1982, but how on earth do I find out the value of shares in unquoted companies, that stamp collection I bought in 1970 as a hedge against inflation, and that cottage in Devon I thought we might retire to before Kathleen insisted on staying put. I wouldn't mind selling that, but there would be a huge capital gains profit and I hate handing money over to the Government. Did you get any guidelines from the Revenue, Bridget?"

"Yes, I did," said Bridget, "although as usual they were a bit sniffy. There's no real problem with quoted shares. Their valuation is based on the lower

price quoted in the official Stock Exchange List on March 31 1982, plus a quarter of the differential. Say the share price is quoted at 100 in 1980, then you would add 25p to 100p, making 125.5p. Of course you will have to judge for yourself the size of the gain in value made from the date of purchase before 1982, and after that take into account indexation, before deciding whether to realise your profit or not. It does vary considerably. The stock market overall has surged since 1982, but some shares have not moved up all that much in value since indexation is taken into account. On the other hand there is a case for taking your profit before April 6 this year to pay tax at the lower 30 per cent rate on the accumulated gains above £5,000, rather than wait until 1988/89."

THE FAMILY Chester... Bernard, a merchant banker in the City, is married to Elaine and they have two children, Stephen (13) who is at a minor public school, and Helen (8). Bernard has three brothers. Gerald, the eldest, who now runs the family business, an estate agency; David, a marketing director with an engineering company; and Robert, a financial adviser. His father, Hugh (married to Kathleen) has retired from the family business but still remains a consultant.

Elaine has two sisters, Penelope, who is married to a doctor, Richard, and Bridget, an unmarried accountant. Their mother, Alice, is widowed and lives in Hampshire with her cat, Lawson.



Bridget, the tax expert

"Go easy, Bridget, you're making my head swim," said Hugh. "I think I've got the message on shares; I'll obviously have to go through my portfolio. However, I can see some terrible problems sorting out bonus and rights issues, as well as laborers when comparing valuations over the years, and there isn't much time."

"But what about non-quoted shares, like my holding in the family business and other things like the cottage in Devon? What does the Revenue say about that?"

"That's where they're being sniffy," replied Bridget. "The stock reply is that the valuation is reached by mutual agreement between the taxpayer and the Revenue. If you suggest a figure that the Revenue considers reasonable then all will be well."

"However, if the Revenue disagrees with your valuation and you haven't got any good evidence to back it up, then their valuation staff will decide. They deal with valuations all the time and have plenty of experience. They did it all before, in 1965. But by their very nature the Revenue are not over-generous, so it's vital to keep anything you might have to support your claim - any letters, valuations at the time or whatever. That will help in any negotiation."

"Sounds more like confrontation than negotiation to me," said Robert. "And a field day for accountants, too."

Lawson taken to task

Philip Coggan explains why the BES industry is feeling unhappy

NIGEL LAWSON might be the toast of high earners round the country but he is not exactly favour of the month with the Business Expansion Scheme industry. Charles Fry, the chairman of sponsor Johnson Fry, has sent an open letter to the Chancellor lamenting the Budget changes that have thrown the BES in turmoil. He wants the new £500,000 limit raised to £2.5m - although he is prepared to restrict that to start-up and young companies - and does not object to the £5m limit on stopping issues.

The Chancellor might have altered the rules to allow "assured tenancy" property rental companies to qualify for the scheme, but Fry is unimpressed. He believes that the security of tenure afforded tenants is too great and that, unless this security is reduced, few landlords will consider residential property a good investment.

His final paragraph is distinctly tart. "I hope that these comments have been useful," he says. "They are meant to be. I would have been happy to have made them in general terms prior to the Budget had I been con-



THE BUDGET AND YOU

interesting to see if residential property schemes come to dominate the BES market; however, cynics are suggesting that this could be one more good, but ultimately unsuccessful, idea for boosting the rental sector.

Meanwhile, there is a distinctly dismal air about the existing BES issues. Only one of Johnson Fry's prospectus issues - Edinburgh Tankers - is still open and it can raise only another £400,000. Other issues for other sponsors - have been scaled down to meet the new limits. Green Park Health Care, a nursing and retirement home manager, is now seeking to raise just £500,000, rather than the planned £2m. Part of Lawson's timetable is to alter the limit of the BES away from the north-east, and towards less prosperous regions. The first company to seize the opportunity could hardly be more remote; Orkney Ferries is attempting to raise £1m (but only £500,000 via the BES) to establish a ferry from the north of Scotland to the Orkney Islands.

The future seems likely to belong to the funds, however, and both Capital Ventures and Abbey Life have launched post-Budget offerings, hoping to attract those investors who want their soon-to-vanish 60-per-cent tax relief.

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FINANCE & THE FAMILY

Eric Short examines the impact of the Chancellor's decision on covenants

	Mr. and Mrs. A.		Mr. and Mrs. B.	
	Before	After	Before	After
Estate	250,000	250,000	1,000,000	1,000,000
Inheritance Tax	82,000	58,000	504,000	356,000
Net Estate	168,000	194,000	496,000	644,000
Tax Saving		6,000		148,000
Percentage Saving		3.6%		29.4%

Rich get IHT boost

Rise in the tax-free threshold allows heirs to afford more grace, says Stuart Chapell

IN THE Budget, the Chancellor has further drawn the teeth of inheritance tax (IHT), allowing you to leave more to your heirs - especially if you are rich.

The rise in the tax-free threshold from £50,000 to £100,000 helps everybody. But the decision to introduce a flat rate of 40 per cent, and abolish the 50 and 60 per cent rates imposed previously on a sliding scale, is a tremendous boon for the very wealthy.

What these changes mean in practice is illustrated in the accompanying table comparing the impact of the change on Mr and Mrs A, with an estate of £250,000, and Mr and Mrs B with an estate of £1m.

The reduction in the tax bill, on second death, of Mr and Mrs A is just £26,000 (under 10 per cent) while Mr and Mrs B benefit by a heart-stopping £148,000 (over 29 per cent).

It cannot be emphasised too strongly that the new IHT regime offers great opportunities for individuals to protect their estates - and, therefore, their heirs - from tax on death, and also to pass substantial amounts of wealth to younger generations during their lifetime without incurring any tax.

It must not be assumed that IHT will remain at present levels: a future government might well increase them. So you should start planning now, beginning with a review of the existing wills of both husband and wife.

You should also consider the use of trusts since, under the new regime, they now have significant IHT and capital gains tax advantages.

For private individuals, there are many ways in which the IHT liability can be reduced or "frozen".

Perhaps the most attractive part of the new regime is the ability to make potentially exempt transfers (PETs) where, providing the donor survives seven years, there is no liability for IHT.

A gift made today will still potentially be chargeable after the next election but will prob-

ably have escaped IHT by the following one. However, unless PETs are made, the estate could be taxed in future at rates far higher than 40 per cent.

The situation now is very much one of taking action and not just sitting back. A window of opportunity has been opened but it could be shut at any time.

Only if you are an eternal optimist, or planning to die in the very near future, can you say with any certainty that you will benefit from the new reduced IHT rates - unless you take action to make the most of the opportunities now offered.

An added bonus is that the IHT burden, particularly on businesses and farms, has been eased considerably over the past few years. The top rate on most of them is now down to 20 per cent and there is the option to pay it by instalments, if necessary.

At the same time, the Chancellor has removed the ceiling of £100,000 on transfers to political parties. Such transfers, made on or within one year of death, are exempt without limit.

THE CHANCELLOR'S decision to stop tax relief on non-charity covenants is a serious blow for many parents facing the constantly rising cost of private school fees. Effectively Nigel Lawson has stopped taxpayers subsidising grandparents, and other relations or friends, who give financial help by covenants towards meeting such bills.

Under the old system, grandparents paid the amount covenanted net of basic rate tax but the child received the full gross amount through the tax being reclaimed on its behalf.

Under the new system, grandparents with covenants will have to pay the amount gross, without any tax deduction, although money received will no longer be included in the child's income.

Surveys show that at least one in five children being educated in the private sector receives financial help from grandparents. Now, grandparents and similar donors will have to provide this help out of net income. They may as well forget about covenants and simply write the necessary cheque.

One consolation, as the Chancellor pointed out, is that the tax rate cuts have increased that net

income. But can grandparents still receive some form of indirect help? Since covenants to charities are not affected - and almost all public schools have charitable status - cannot grandparents make covenants direct to the school?

Unfortunately, no. Under general tax law, covenants to charities must benefit the charity as a whole, not one specific individual or group of individuals. Thus, while grandparents can covenant towards the cost of anything for the general benefit of the school - for example, a new science block or sports pavilion - they cannot covenant payments to meet the school fees of a particular child.

A similar argument applies to educational trusts set up by school fee specialists, such as the Maidenhead-based School Fees Insurance Agency, its Educational Trust, which has charitable status, was set up to help fund school fees and operates by parents, grandparents or any other family member making lump sum investments to buy deferred annuities.

The tax benefits from this charitable status is used partly to improve the return available on



Parents pay

UNTIL THE Budget, many parents could reduce the cost of paying for higher education for their children over 16 by using covenants providing tax relief. But this practice effectively ended last week when the Chancellor decided to scrap non-charity covenants.

To understand the impact of the Chancellor's action, you need to consider how the grant system operates.

Each year, the government lays down the level of grants for students, depending on their location. The grants as from September 1 are: student in London living away from home, £2,425; elsewhere, £2,050. Student living at home, £1,530.

It is far from clear how the best for these grants is worked out. Presumably, they are the amounts considered necessary for students to support themselves. However, they look very much like figures plucked out of the air.

The amount of the grant actually paid is decided after taking into account the combined parental gross income. So, the child of a high-earning family receives a reduced grant, or even nothing.

This deduction from the grant is known as the parental contribution - implying that parents have a legal obligation to contribute towards their child's support while at university or some other place of higher education.

This is not so. Parents do not have to contribute one penny (although most do want to help). The gross parental income - known as the residual income - on which the government bases its grant deduction allows for mortgage and company pension contributions, but not national insurance. And no allowance is made for the tax paid - thus, the parental contribution can be regarded as double taxation since it has to be paid out of net income.

Where two or more children are receiving higher education, the parental contribution is split pro rata between the grants for each child.

Over a certain residual income, the parental contribution exceeds the grant and the child receives nothing from the government and must depend entirely on its



parents.

Previously, the system of covenants enabled parents to offset the penal cost of providing financial support out of net income. They were able to pay the covenanted amount net of basic rate tax but the student child received the gross amount by reclaiming the tax.

Now, the Chancellor has ended net payments on non-charity covenants. Parents have to provide the help without the benefit of tax relief - a rise of 25 per cent on the cost.

This is being offset by scaling down - by 25 per cent - the method of assessing the parental deduction, so helping families with a residual income low enough to place the parental contribution below the grant.

But where the parental contribution is higher on the scale than the grant, the student gets nothing from the government. Parents have to meet the full cost.

Thus, a family with a residual income of only £25,000 will receive nothing, even on the top London scale, despite the increase in the parental contribution announced last week.

The only compensation for parents is that the reduction in higher rate taxes means they have more income out of which to provide financial help for their children.

In addition, the student can now make a claim for holidays and carry up to the single person's allowance without being liable for tax since, previously, the covenant payment was regarded as being income.

Christine Stopp finds unit trust sellers optimistic

An attractive proposition

WAS LAST week's Budget favourable to unit trusts? Most agree it was, though it continues to be seen as a package to favour the rich, rather than the much-worried smaller investor.

James Dawney, Mercury chairman, feels that, if your Capital Gains Tax bill goes up by a third, from 30 per cent to 40 per cent, "it will underline the value of a portfolio of shares accumulating free of tax." He reckons that unit trusts are now more attractive than ever to the £100,000-plus investor as an alternative to a directly managed portfolio of shares. Given reduced income tax rates, he thinks investors need not be afraid of going for high-yielding trusts, including gilt trusts.

Mary Blair, of Fidelity, also welcomes the Budget measures, which are likely to have a good long-term effect on the equity market and therefore on all types of equity investment. She thinks that funds of funds will look attractive, since they offer a managed unit trust investment with CGT-free switching in the fund.

The same can be said of an international fund or, even to that, an offshore umbrella fund.

Fidelity, like Mercury, expects to see long-term shareholders moving into unit trusts, encouraged by the wiping out of their pre-1982 capital gains tax liability. The group is considering brushing up the terms of its share exchange scheme to attract this type of investor.

With the freeing of more income each month for savings, Mary Blair hopes to bring in regular investment from the higher salaried professionals. A small slip in the face for the regular savings plan is the loss of covenants, which many groups have promoted as a good way to build up savings for a child.

A technicality of unit trust pricing, instrument duty, has created some controversy in the industry. The Budget eliminated this duty in a brief paragraph, in which the Chancellor plainly hoped that unit trust groups would pass on the benefit of the change to unit holders.

At 0.25 per cent, this concession is hardly likely to cause a rush into units. Some industry spokesmen see it as making very little difference at all. "It is completely misleading for the Chancellor to say that the managers should pass instrument duty on. It has never gone to the manager anyway," says Ken Emery, of State & Prosper.

Instrument duty is a levy on the creation of units, when the

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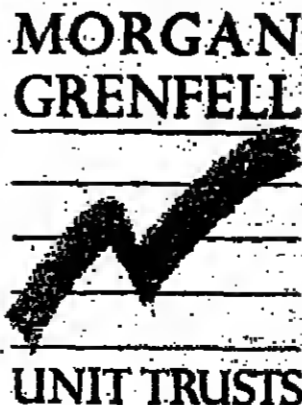
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Cheques losing out to plastic

Whether customers like it or not, it looks as though debit cards are the face of the future in British shops, says Frank Gray

IS SHOPPING by cheque doomed? The announcement last week that Lloyds Bank is to introduce a Visa debit card for shoppers later this year provides confirmation that Barclays Connect debit card - launched in a blaze of unfavourable publicity last June - has been an unexpected success.

In spite of a row with retailers over the proposed initial charges, Barclays has signed up its customers for the Connect card and is only slightly behind its original target of issuing 1.5m cards in the first year.

Most major high street shops now handle the Connect card. "There are just five main retail chains and a dozen smaller ones that do not yet accept the card," says a Barclays official.

Basically, Connect supplements the cheque-writing function at retail counters. By using the card, the payment is debited directly from your bank account. The big advantage is that the £50 limit on cheque guarantees cards does not apply; Connect users are restricted only by any limit imposed by the retailer and by the amount they have in their bank account.

Apart from enabling you to leave your cheque book at home and pay retail bills of any

amount you can afford, the Connect card also doubles as a normal cheque guarantee card and can be used in cash vending machines.

The planned Lloyds card will go a few steps further. It will provide an automatic personal overdraft facility, normally equal to one month's salary. It will also replace the present Cashpoint and cheque guarantee cards, so you will be able to draw money from the bank's existing cash vending machines as well as the 25,000 Visa cash machines worldwide.

To emphasise the difference, Lloyds is calling it a "payment" rather than a "debit" card. But it is all part of the general move by banks to phase out cheques in favour of a single, multi-purpose plastic card - and it is only the start.

Barclays' competitors see Connect as an interim step, a hybrid creation that will have to be replaced by a more comprehensive card in the next few years. Midland Bank, for example, which last year withdrew its Vector debit card, as a result of the row over the launch of Connect, is to carry out a trial programme on introducing a "smart" card at Loughborough University, Leicester. Midland sponsors Loughborough's banking and finance degree course.

This trial programme, which has been delayed until April because of the bank's other, more pressing, problems, will determine broader plans for the direct debit card system.

The "smart" card is designed by GEC. It contains a micro-



Model Marie Hevlin hands the one millionth Barclays Connect card to Claire Williams (left) at Selfridges.

processor and memory chip and can be run through electronic terminals. Unlike Connect, no paper-work is required.

"Many cheques are hanging fire in the belief that a single mass-produced electronic card might be developed, rather than paper-based systems. We feel that a debit card and a credit card, but as Trustee Savings Bank points out, there is the unresolved debate on whether, for security reasons, it is a good idea to have a single, comprehensive plastic card performing all conceivable customer functions."

National Westminster Bank, the biggest UK clearer with more than 6m account-holders, notes that a paper-based debit card creates work for retailers. "So," according to a bank spokesman, "we are looking at electronic-based, rather than paper-based, systems. We feel that a debit card should replace cheques, so that the cost to the retailer should be similar to the cost involved in collecting cheques."

It seems, whether customers like it or not, that the days of shopping by cheque are numbered.

Loan for life plan extended

A LOAN for life is the idea behind a new plan from the financial services group, Barry Birch & Noble, that enables you to borrow money at mortgage rates but with no date specified for repayment of the loan.

Last year, the group introduced the 50-Plus Plan, aimed at those who wanted to maintain an interest-only mortgage after retirement. They do not need to be repaid until death or sale of the property. It is now extending the same idea to a wider age group.

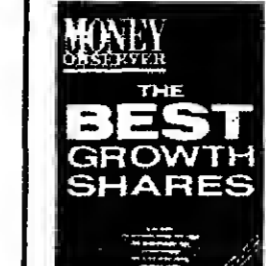
The scheme is also based on an interest-only mortgage, with no fixed term for repayment of the capital. But the funds borrowed at a competitive mortgage rate (now 10.25 per cent) can be used legally for a variety of purposes, ranging from payment of school fees or a holiday to investment or buying a second home.

The lack of capital repayments reduces substantially the cost of the loan. And if the debt is retained until death, you can also reduce your inheritance tax liability. In effect, you can unlock the value of your property without becoming involved in costly home income plans.

John Edwards

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THE MONTHLY MAGAZINE FOR DISCERNING INVESTORS

Societies seek foreign savings

SEVERAL times in the past two years, as much as 10 per cent of the total of retail savings flowing into the Halifax Building Society has been deposited by non-UK investors. Most of the money has come from British expatriates and includes one lump sum deposit of £200,000.

The Halifax is Britain's biggest building society and has been offering gross interest accounts to expatriates from its UK mainland branches since 1986. Several competitors have done likewise.

Now, there is a new dimension to the building societies' battle for expatriate savings - one that will be waged from the Channel Islands and elsewhere outside the UK. So far, only the Halifax and its arch-rival, the Abbey National, have got their plans in place but others are set to follow.

The Halifax opened its Jersey office on March 1 following the acquisition of part of the deposit business on the island of the Australian Westpac Bank. The Halifax is now trying to persuade its 45,000 expatriate savers to transfer their UK gross interest accounts to Jersey.

The opportunity to centralise all its expatriate business in Jersey clearly makes administrative sense for the society. But it also provides a comfort factor for expatriates wary of bringing their money onto the UK mainland.



Clearly, though, there is more than one way for building societies to address the expatriate market. Brian Whitfield, general manager of the Nationwide Anglia, says he understands the Abbey's overseas lending strategy for both expatriates and nationals of other countries. However, he says he is "struggling with the logic" of setting up offices in Jersey to attract gross interest deposits from British expatriates when that facility is available already through mainland branches.

It is not so long ago that building societies were regarded as the sleeping giants of the financial world. But, in recent years, a steady haemorrhaging of funds, resulting partly from the British Government's privatisation programme and partly from tough marketing by unit trust groups, has rocked their complacency.

Societies have been squeezed just as hard on the other side of the balance sheet where aggressive mortgage lending by British and foreign banks has undermined their *raison d'être*. It is inevitable that the expatriate market should be one of the weapons used by societies in their diversification plans.

Peter Gartland
Peter Gartland is editor of *The International*, the FT magazine for expatriates.

TR WORLDWIDE SPECIAL SITUATIONS FUND LAUNCH OFFER ENDS 31 MARCH



GROWTH IS STILL THERE IF YOU KNOW WHERE TO LOOK

It is not the easiest of times to invest your money if you're looking for out-of-the-ordinary returns.

But last October's stock market storm has, in fact, created many opportunities to identify undervalued shares whose prices have the capacity to outstrip stock market trends.

What is needed is the ability to see the wood for the trees, and that's what our new Unit Trust is all about.

Now is the time

Our strategy is simple: beat a path through current conditions, ignoring general stock market trends and overstepping crippled giants, actively seeking out companies whose share prices can move independently of market trends.

Companies whose very natures are resistant to ill winds.

And they do exist. Everywhere in the world. They are called special situations and we intend to buy them when their share prices are below their intrinsic values and sell as they reach their true worth.

This is the place

We will do this through the new TR Worldwide Special Situations Fund. A fund launched to achieve maximum possible capital growth from a vigorously managed portfolio of special situation shares selected from the world's stock markets.

We will concentrate on under-researched smaller companies whose real worth has not been generally recognised. Or companies where there is an easy, unappreciated entrepreneurial management. Or companies, both large and small, in takeover situations. Or even interesting new issues.

And the team

Of course, the success of any fund is dependent upon the skills of its fund manager. Investors in our new Fund can take satisfaction in knowing that their money is being invested by Sir William Vincent, Touche Remnant's most senior fund manager.

He will be supported by a select team of eight investment managers who, as specialists in the stock markets of the UK, the US, Japan, the Pacific Basin and Europe or the technology, natural resources, and property sectors, are able to bring their experience and good judgement to the Fund.

This team will adopt the aggressive Touche Remnant technique

of "stock-picking". That is, constantly monitoring situations in order to spot new opportunities as fast as they come into view.

With a track record

As our only business is investment management, we are able to concentrate exclusively on producing superior performance for our clients. Consider these examples, bearing in mind that past performance is no guarantee of future success:

TR American Growth Fund up 45.4% since launch in October 1983 (sector average 9.0% - 2nd out of 58 funds!)
TR Japan Growth Fund up 58.8% since launch in October 1985 (sector average 11.0% - 5th out of 51 funds!)
TR Special Opportunities Fund up 285.6% since launch in January 1983 (sector average 64.0% - 6th out of 92 funds!)

Our consistently high achievement is highlighted by recent *Planned Savings* statistics on all growth funds of the 40 largest unit trust management groups: "We were rated first over the past one, two, three, four and five years."

For the medium to long-term

However, the TR Worldwide Special Situations Fund will not suit every investor. The Fund's potential for achieving higher returns means it carries higher risks. We consider it only suitable for experienced investors, with sufficient speculative capital beyond that held in Bank or Building Society accounts and in lower-risk investments, who can afford to take a medium to long-term view. (We would suggest three to five years.)

Remember, there can be no guarantee of a good return on an investment of this nature; the price of units, and the income from them, can go down as well as up. This may result in an investor realising an amount which is less than that originally invested.

1% launch discount

Units may be purchased at the fixed offer price of 25p from the 12th to the 31st of March 1988. If you invest by the 31st you will enjoy a special 1% launch discount, provided in the form of additional units.

To invest simply complete the coupon below making your cheque payable to TRUITM. Alternatively, during the launch period,

Send to: Touche Remnant Unit Trust Management Ltd., Freeport, London EC4A 6AB.

To invest, please complete this application form and return it together with your cheque made payable to TRUITM.

If the above section is not completed, Accumulation Units will be allocated.

Please tick if you wish to receive information on other Touche Remnant Unit Trusts.

If you have a professional adviser, please complete the following:

Name of Adviser: _____
Address of Adviser: _____
Postcode: _____

Postcode: _____

In the case of joint applications, all applicants must sign and attach their signed and addressed.

TR WORLDWIDE SPECIAL SITUATIONS FUND



Please tick if you wish your investment to be in the form of:

Income Units
or
Accumulation Units

If the above section is not completed, Accumulation Units will be allocated.

Please tick if you wish to receive information on other Touche Remnant Unit Trusts

PT28

**FLOW THROUGH WORKS
WHY CHANGE IT OR ELIMINATE IT?**

TUNDRA GOLD MINES LTD.

FLOW THROUGH FINANCING HAS MADE THIS PROJECT POSSIBLE

**AN OPEN LETTER TO SHAREHOLDERS
MARCH 21, 1988
FOR INFORMATIONAL PURPOSES ONLY**

**REVIEW OF THE LAMAQUE PROJECT
VAL D'OR, QUEBEC, CANADA**

At the present time 4 drills are operating at the Lamaque Mine to put vertical ore reserves into place between the 1800 and 3400 foot levels. One drill is positioned on the 1800 foot level and 3 drills are on the 3200 foot level. On the 3200 foot level one machine is drilling in the No. 5 diorite plug and two machines are drilling (from cross-cuts), the area between the 3200 and 3400 foot levels to trace the No. 35 vein's downward continuation. On going drilling designed to put vertical ore reserves in place will continue for the next 100 days.

**NEW DRILL RESULTS NOT PREVIOUSLY ANNOUNCED
1800' Level**

Hole No.	From	To	Width (feet)	Average Grade (oz/ton)
T-13935	441	448	5.0'	0.524 (uncut)
or	441	448	5.0'	0.524 (cut)
and	555	558	3.0'	0.191 (uncut)
or	555	558	3.0'	0.191 (cut)
T-13944	38.5	40.5	2.0'	0.16 (uncut)
or	38.5	40.5	2.0'	0.16 (cut)
and	76.5	79.0	2.5'	0.991 (uncut)
or	76.5	79.0	2.5'	0.991 (cut)
T-13931	348	349.5	1.5'	0.323 (uncut)
or	348	349.5	1.5'	0.323 (cut)
and	476	477.5	1.5'	0.359 (uncut)
or	476	477.5	1.5'	0.359 (cut)

Hole T-13931 was designed to intersect the zone 200 feet east of Hole T-13833 an exceptional hole drilled from the 1800' level which encountered a zone which ran 62.9 feet of .293 oz/ton Au, cut to 1 oz.

3200' Level

Hole No.	From	To	Width (feet)	Average Grade (oz/ton)
T-13939	291	293.5	2.5'	.146 (uncut)
or	291	293.5	2.5'	.146 (cut)
and	317	320.5	3.5'	.106 (uncut)
or	317	320.5	3.5'	.106 (cut)
and	341.5	344.5	3.0'	.213 (uncut)
or	341.5	344.5	3.0'	.213 (cut)
T-13940	11.5	14	2.5'	1.45 (uncut)
or	11.5	14	2.5'	1.00 (cut)
T-13941	109	115	6.0'	.278 (uncut)
or	109	115	6.0'	.278 (cut)
T-13942	15	17.5	2.5'	0.06 (uncut)
or	15	17.5	2.5'	0.06 (cut)
and	120.5	122.5	2.0'	1.50 (uncut)
or	120.5	122.5	2.0'	1.00 (cut)
and	136.5	139.5	3.0'	2.174 (uncut)
or	136.5	139.5	3.0'	1.00 (cut)
T-13943	29	31	3.0'	0.16 (uncut)
or	29	31	3.0'	0.16 (cut)

New ore reserves announced March 8, 1988 stated that the drill indicated reserves in the "South Vein" zone located in the No. 5 Plug below the 1800 foot level are 150,000 tons with an average grade of .30 oz/ton gold (cut to 1 oz) in an area measuring 250 feet by 600 feet.

The zone is still open at depth, in both the east and west directions.

It is important to remember that drill indicated reserves in the #4 Plug was 431,000 tons of .16 Au/ton and also after 80,000 feet of drilling in 1986 and 86 on the Golden Bond property (a company controlled by Tundra) indicated reserves are 500,000 tons of .22 Au/ton.

Current underground drift results:

Level	Distance Sampled	Average Grade	Width
1800'	79.5'	.30 ozs au/per ton (uncut)	9'
or	79.5'	.24 ozs au/per ton (cut)	9'
Two separate zones:			
3200'	485.5'	.40 ozs au/per ton (uncut)	7.1'
or	485.5'	.22 ozs au/per ton (cut)	7.1'
and	217.5'	.12 ozs au/per ton (cut)	6.2'
Two separate zones:			
3400'	225'	.47 ozs au/per ton (uncut)	19.3'
or	225'	.41 ozs au/per ton (cut)	19.3'
and	208'	.42 ozs au/per ton (uncut)	8.8'
or	208'	.31 ozs au/per ton (cut)	6.8'

In October 1987, Tundra Gold Mines initiated a computer study to map and calculate preliminary ore reserves between the 1800 and 3600 foot levels. This study combines all information on both the new and old drill holes along with the new drift averages and geological data. The results of this program are expected to be completed within the next 30 days.

It should be noted that the Lamaque Mine has been undergoing a change over from 25 cycle to 60 cycle power. This was initiated in November, 1987 and should be completed by early fall of 1988.

Seven million dollars in flow through financing have been put to work at Lamaque, a Teck Corporation joint venture from September 1986 to the end of February 1988.

The current exploration program at the Lamaque Mine is designed to build an ore reserve base to re-open the Mighty Lamaque.

OTHER PROJECTS

**KABENUNG WEST
(Mishibishu, Northern Ontario, Canada)**

This twenty (20) claim group is 40 miles south of the now famous Hemlo Gold Camp. Two gold mines are currently being prepared for production in this area. This claim group is west of 73 additional claims owned by Tundra.

The first four holes of the 1988 exploration program have been drilled to test strong coincident VLF geophysical anomalies and soil geochem anomalies which contained up to 680 ppb gold.

Ten airborne anomalies occur on the property. Of these three have been followed up on the ground and have coincident gold geochemical responses. These will be drilled shortly.

**PELHAM JOINT VENTURE
(Noranda - Tundra, Northwestern Ontario, Canada)**

Drilling started on this 31 claim group located south of Dryden, on February 10, 1988.

The Phase I Program consisted of eight holes, seven of which tested the #3 (East) Zone Area.

Some significant intercepts are as follows:

	From	To	Meters	Width	Grade Oz/ton
PH 88-1	18.0	19.0	3	9.84	.16
PH 88-5	86.6	87.4	0.8	2.62	.12
	98.6	99.4	0.8	2.62	.19
NOTE:	44.0	104.3	60.3	199.4	.045
PH 88-7	11.0	13.0	2	6.56	.12
PH 88-8	9.0	11.0	2	6.56	.06
	13.0	15.0	2	6.56	.05

The proposed Phase II Program will consist of approximately 2,300 feet of drilling in 5 holes as infill drilling to better understand the anomalous gold values obtained in the first program. This program is scheduled to commence shortly. Tundra can earn a 50% interest of Noranda's 100% interest in the property by spending \$1,000,000 by March 14, 1990.

**GOLDSTACK JOINT VENTURE
(Noranda - Tundra, Val d'Or, Quebec, Canada)**

A 3,000' to 5,000' Phase II Program commenced on this 45 claim group property February 3, 1988.

The 1st phase of the Program is complete and drilling will resume following completion of geophysical surveys.

This News Release has been prepared by William J. Sullivan, Assistant to the President, on behalf of the Board of Directors of TUNDRA GOLD MINES LIMITED, which is solely responsible for its contents.

The Vancouver Stock Exchange has neither approved nor disapproved the information contained herein.

William J. Sullivan,
Assistant to the President
FOR INFORMATIONAL PURPOSES ONLY

For additional information and a current 45 page brochure please contact:
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188 Perreault Ave. Val d'Or, Quebec, Canada J9P 2H5
Telephone No's: (519) 825-4052/4343/4354 Telefax No. (519) 825-7191

CHESSES

NIGEL SHORT, the 22-year-old British champion, achieved the finest success of his career last week when he won the Euwe Memorial tournament in Amsterdam. The double-round event was the strongest since the institution of FIDE world rankings, category IV with an average rating of 2,657.

For the first time, Short finished ahead of Anatoly Karpov, the world No. 2. World No. 3 Jan Timman, who had just won impressively at Linares, was relegated to a poor last. Scores were Short (England) 4/6, Karpov (USSR) and Ljubojevic (Yugoslavia) 3/4, Timman (Netherlands) 1/2.

Such a result looked most unlikely when Short lost to Karpov in the second round and dropped to bottom place. But then he outplayed Timman, won a dramatic contest Ljubojevic (featured below) and completed a double against the Dutchman.

As the only serious contender for the world crown who is younger than reigning champion Karpov, Short has gained significant credibility and confidence from this performance. He is still improving rapidly and it starts to look possible that he can meet Karpov in a match with chances of success and even go on to become the first Western world champion since Bobby Fischer.

Short's weaknesses in the past have been inconsistency and lack of stamina, and the test will be whether he can hold his form through a title campaign which still has two years to go.

This week's game is probably the most brilliant he has ever played, and will be an automatic choice for future anthologies. White: N.D. Short (England). Black: L. Ljubojevic (Yugoslavia). Sicilian Defence (Amsterdam 1988).

1 P-K4, P-Q4; 2 N-K3, P-Q3; 3 P-Q4, P-F3; 4 N-F3, N-K3; 5 N-Q3, N-B3; 6 B-K2, P-K3; 7 Q-Q2, P-Q3; 8 O-O, P-E3; 9 B-K3, B-Q2; 10 P-B4, P-Q4; 11 B-Q3, B-K2; 12 K-N1, P-N5; 13 N-G3, E2, O-O; 14 P-KR3.

White's sixth move is the Richter Attack, and the ensuing strategy - White casting queen's side Black on the king's - is well known from many previous games. Short now introduces one

of his patents, a rapid advance of the kingside pawns to open up the Black defences. The logical counter is 14... P-Q4; but 15 P-K5, N-K5; 16 B-N3, P-F3; 17 N-K3, N-N3; 18 Q-N3 favours White. Possibly Black's entire plan with 8... P-E3 is suspect and should be replaced by 8... B-Q2; 9 P-B4, B-K2.

A classical sacrifice to set up a king hunt, preventing Black's consolidation by B-K2. There is no forced mate, but Short judges intuitively that the king cannot survive the combined attack of White's pieces.

21... K-R2; 22 N-R5 ch, K-N3; 23 P-K5 ch, K-N3; 24 Q-B4, R-F2; 25 Q-F2 ch, K-R2.

The king's only haven is in the heart of the White camp, for K-R3 allows mate to one.

26 Q-R7 ch, K-N6; 27 Q-R5, K-R7. The beleaguered monarch's flight is cut off by R-K1. There is still trapped. The few comparables in chess literature include Edward Lasker's miniature against Sir George Thomas and Botvinnik v. Gligoric in 1956.

PROBLEM No. 716
BLACK (5 MEN)
WHITE (5 MEN)

White mates in three moves, against any defence (by V. Zangger). This puzzle looks simple, but the obvious 1 P-Q7 or 1 F-F7 conceals a stalemate draw.

Solution Page XIX
Leonard Barden

BRIDGE

IN MY hands today, the declarer threw away major suit contracts by imperfect technique. Look first at this deal from rubber bridge.

Another rubber produced this:
N 7 6 5 3
K Q J
6 3
9 8 5 4 2
W 10 7 5 3
K Q 10 7 2
A 10 6
E Q J 9 4
9 5 2
9 8 4 3
Q J

With both sides vulnerable, South opened with one heart, North said two hearts - he has no other bid - and South carried on to four. West led the diamond king.

Winning with his ace, the declarer drew trumps in three rounds, crossed to the ace of spades and played a club, covered East's knave with his king and lost to the ace. West cashed the diamond queen and followed with the 10. South ruffed but could not avoid the loss of two more clubs and went down - a really inept performance.

Let us replay the hand. We win the lead in hand and see that an elimination and endplay can be operated, provided that trumps break 2-2. We cash the knave of hearts and cross to the queen, but West shows out. That rules out any complete elimination. But as West (who is going to be thrown in with the diamond knave) is also the defender who is out of trumps, a partial elimination is possible.

We cash king and ace of spades, ruff dummy's last spade and play our diamond knave. West is endplayed. If he leads a club, he sets up our king; if he leads a spade or a diamond, he gives a ruff discard.

A simple hand. Any declarer who has left the kindergarten spots the endplay in 30 seconds. The 3-1 trump break might cause a moment's alarm; but when he sees that the victim-spect of the throw-in is the defender with no more trumps, South knows that success is certain.

With North-South game, South dealt and bid one no trump. West overcalled with two diamonds, which made things awkward for North; but he hid three diamonds, asking his partner to describe his hand further. The reply of three spades was raised to four, and all passed.

West cashed ace, king of diamonds and continued with the queen. Declarer ruffed with dummy's five of spades, which was overruffed; and with the heart queen in the East hand, South went down.

The contract is cold. Dummy must throw a heart on the diamond queen. South wins the next lead, draws trumps and clubs. A second heart can be thrown on South's third club, and North's hand is high.

Look at it another way. When dummy goes down, declarer can count five spades, two hearts and three clubs. That in 10 sure tricks unless he throws away one of the spades to dummy by an idiotic ruff.

Idiotic, did I say? Yes, but you and I know many declarers who would ruff the diamond queen without hesitation. Just a little counting avoids this error.

E.P.C. Cotter

Acts of commission

Please can you tell me how estate agents' commission and solicitors' fees are determined on the sale of a property? I have heard figures of 1 per cent and 2.5 per cent of sale price for agents, and what appeared to be a flat rate of 2.75 per cent quoted by a firm of "city solicitors".

The relevant selling price will be about £10,000. You are free to negotiate with your agent or solicitor the best terms you can get. Estate agents' commission is usually 2 or 2.5 per cent but it might be reduced for a sole agency. Solicitors' fees are no longer normally on a percentage basis; you should get a quote for the work concerned. If you can get one in the region of the sum which you mention, you will be getting a very reasonable bargain.

Paying for children

A divorcee with two children, who married a second husband but is now separated, is trying to claim extra maintenance for the children from their father. The children, aged 12 and 10, live with their mother. The father has them every other weekend. He pays maintenance fixed by the court, plus half school uniforms and their holiday, plus extra clothing when he

has them at weekends. This he pays voluntarily. Is a divorced woman, who has remarried and again divorced, entitled to make further claims on the first husband? While the mother of the children might be unable to pursue a claim for her own maintenance, there is no reason why the children's maintenance orders should not be reviewed and increased if appropriate.

All in the family

I own an unregistered house, bought to my name only and valued at £120,000. My wife and I also own investments worth £120,000. We are both 55 years of age.

In order to minimise inheritance tax, I would first like to make my wife owner of half of the house, either by deed of gift or conveyance as may be necessary. Having done that, is it practical for each of us to bequeath on death a quarter of the house each to our married son and married daughter as well as £30,000 each, with the remainder of the estate going to the surviving spouse. If, so far, this plan is feasible for its purpose, we would like to arrange that, on the first death, the surviving spouse retains tenure of the house and £60,000. Would any precautions need to be taken to ensure that half the house was not treated as being in lifetime trust to the spouse and then taxed as part of their estate?

Investing trust funds

I am a trustee, along with my sister, of my father's will. The family business has recently been sold and we have been given a sum of cash (£25,000) and an equivalent block of shares to a public company to hold during my mother's lifetime.

I understand that there are legal requirements regarding the investment of trust funds, and I would be grateful for any guidance that you are able to give. What is the taxation position? The requirements are set out in the Trustee Investments Act 1961. A well-drawn will is likely to have made express provision for expanding the trustees' powers of investment so as to avoid, for example, having to divide the fund and invest partly in narrow range and partly in wider range



No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

What you suggest is feasible. It would be wiser to ensure that the gifts of interests in equity in the house to your children do not amount to a full 50 per cent. Thus, gifts of, say, 30 per cent to each would leave the surviving parent with a 60 per cent interest in the house. The shares of investments can either be adjusted to compensate or it can be left to a deed of family arrangement, executed within two years after the first death to make any suitable tax-efficient readjustment.

Improper behaviour

Is it (a) customary and (b) legally permissible for a solicitor, acting as executive trustee of a trust, to retain the interest on the money while it is held before distribution to the beneficiaries? This is the practice of two solicitors who have in my experience performed this role. It is not proper for a trustee (whether or not a solicitor) to retain for himself interest on trust funds earned between the dates of receipt and distribution.

Cottage industry

I have inherited a cottage in a Scottish village which is fully furnished. Because of my job, I am able to enjoy it only occasionally during the year.

From time to time, I have been asked by personal friends if it is possible to have the use of the cottage. As I have been pleased to share my good fortune, and as it has meant that the property has been aired and seen to be lived-in, I have agreed.

In most, but not all, cases I have been offered payment for the use of the property. I pay all the expenses, electricity, rates, insurances, telephone accounts and the like.

I have a global figure for the cost of maintaining the property, excluding repairs and routine maintenance, and it has been suggested that this sum be divided up to give a cost on which to base a "charge." I am happy if those who use the property pay for the electricity use.

What would be the position with the Inland Revenue if the users paid for the electricity and phone calls; if, on top of this, an ex-gratia payment was offered and accepted; and if the users offered to pay a percentage of the global annual cost of retaining the cottage?

There has been no advertising and I am not wishing to turn it into a holiday let in the hands of an agent. You will find general guidance in a free booklet (IR27/1984) - the payer.

Notes on the Taxation of Income from Real Property - which is obtainable from tax inspectors' offices. At the same time, you could ask for the free pamphlet CGT4(1985) - Owner-Occupied Houses - because you must make a decision (before the second anniversary of your inheritance) as to which property is to be treated as your main residence for CGT purposes, giving formal notice to your tax inspector under section 101(5)(a) of the Capital Gains Tax Act 1979.

It would be unwise to make the decision without spending some time thinking about likely future events, bearing in mind that section 101(5)(a) gives you the right to change your choice up to two years retrospectively. It would also be unwise to defer making the initial decision, as a number of our readers ultimately have realised to their cost.

More payment equal to the cost to you of the services used by your guests will have no taxation consequences.

Calling a payment an ex-gratia payment does not alter its status for taxation purposes.

If there is no net balance assessable under case VI of schedule D (as outlined in the IR27 booklet), there will be no tax to pay.

The £250 exemption relates to inheritance tax, not income tax and relates to outright gifts, not payments in return for benefits provided by the recipient to the payer.

HENDERSON HIGH INCOME TRUST
HIGH INCOME WHEN THE MARKET IS UP.

IDEAL FOR THE BULL MARKET. Henderson High Income Trust was created to provide investors with a regular and rising income - year after year. It was designed to succeed despite volatile stockmarket conditions and fluctuating interest rates. And that's exactly what it has done since its launch in 1965.

LONG TERM v SHORT TERM. A bank or building society account may be better if you plan to withdraw capital in the short term. Henderson High Income Trust is a long term investment opportunity. Unlike building societies, our High Income Trust aims to generate increasing income and capital growth. And its capital also produces superb returns - especially when income is re-invested. Which means your money has a much better growth potential over the years.

Attention: Vicky Law, Henderson Unit Trust Management Ltd., 3 Finbury Avenue, London EC2M 2PA. Please send me information on how to obtain high income when the market is up. I am interested in Henderson's Monthly Savings Plan. Share Exchange Scheme.

HENDERSON HIGH INCOME TRUST
HIGH INCOME WHEN THE MARKET IS DOWN.

IDEAL FOR THE BEAR MARKET. Henderson High Income Trust was created to provide investors with a regular and rising income - year after year. It was designed to succeed despite volatile stockmarket conditions and fluctuating interest rates. And that's exactly what it has done since its launch in 1965.

SHORT TERM v LONG TERM. A bank or building society account may be better if you plan to withdraw capital in the short term. Henderson High Income Trust is a long term investment opportunity. Unlike building societies, our High Income Trust aims to generate increasing income and capital growth. And its capital also produces superb returns - especially when income is re-invested. Which means your money has a much better growth potential over the years.

Attention: Vicky Law, Henderson Unit Trust Management Ltd., 3 Finbury Avenue, London EC2M 2PA. Please send me information on how to obtain high income when the market is down. I am interested in Henderson's Monthly Savings Plan. Share Exchange Scheme.

Could You Turn £1000 into £130,000? You would have if you had invested in Amstrad when the company went public in April 1980 and then sold the shares at less than 22p high.

RESIDENTIAL PROPERTY DEVELOPMENTS PLC. Unless you hurry you won't have the chance to take advantage of BES Tax relief for 57/83 because due to the budget many issues are being sold early. Here's a last chance of a property development company which has already exceeded the minimum subscription but can only remain open until April 6th.

TRAVEL · MOTORING ·

The grandest canyon

STRIDENT CRIES of "chiles rellenos" and "chiles en nogada" jarred me awake. The train had arrived at Ciudad Cuauhtemoc...

ping a beat. Although he claimed that Chihuahua does not often have power cuts, he had candles lit within seconds and everyone went about their business in normal fashion.



The Chihuahua-El Pacifico railroad which twists and turns its way through Mexico's Copper Canyon

rather ugly, wooden church. The front pews were occupied by elegantly attired guests from Chihuahua. The rest of the church was filled with peasants and townfolk and their children who sauntered in and out of the church.

and stopped at tiny villages bedecked with tropical flowers. Los Mochis is an agricultural centre of no touristic interest some 25 kms from the sea. As it is a gateway point for Mazatlan and the Baja California beaches...



The new Volkswagen Passat saloon. This is a GT version, with alloy wheels, low profile tyres and an aerodynamic spoiler on the boot lid.

The heavy mob arrive

IN BRITAIN, Peugeot and Volkswagen share a problem. Everyone knows about their fairly small cars (the 205 and 309, Polo and Golf respectively) but few buyers link their names with larger ones.

Holidays & Travel
CARIBBEAN Late Availability
Sardinia is a Magic Resort!
HOTEL HERTENSTEIN, WEGGIS.

Contracts & Tenders
MOSP SECRETARIA DE ENERGIA
AGUA Y ENERGIA ELECTRICA SOCIEDAD DEL ESTADO
INTERNATIONAL PUBLIC BID NR. 31/88.

Rentals
CURZON COURT "HOTEL" APARTMENTS
56 CURZON STREET AND 39 HILL STREET
MAYFAIR, LONDON W.1.

Country Property
CALSHOT, HAMPSHIRE
BOFFIN'S COTTAGE SALCOMBE ESTUARY
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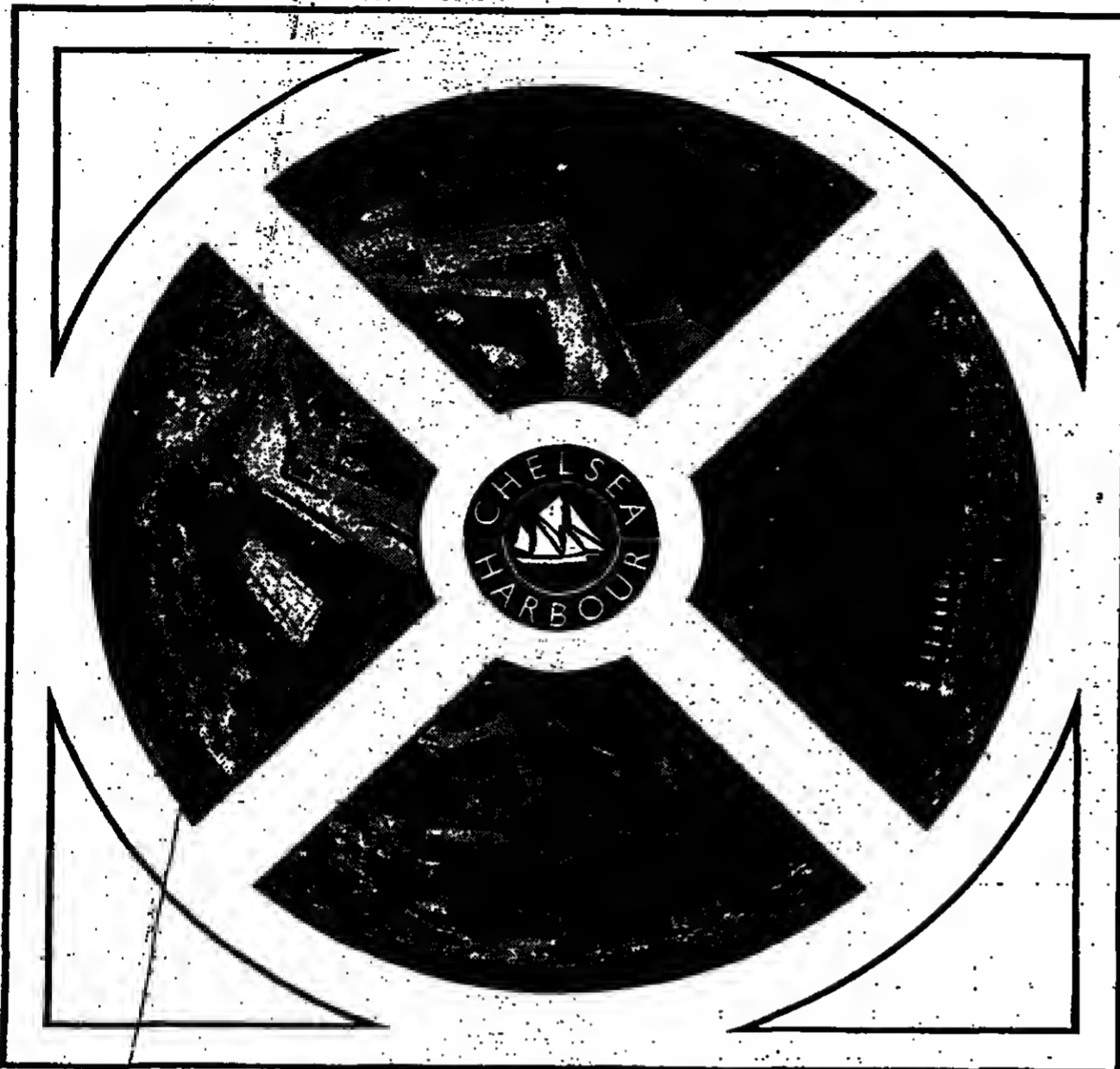
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John Brennan reports on the Government's Housing White Paper and the Chancellor's changes

Reforms may let the rental sector rise again

HALF OF THE 725,000 houses in inner London are rented, and despite the progressive shift - recently more than seven per cent a year - from rented to owner-occupied homes, just under 260,000 of those houses and flats are still owned by private landlords. Add the deregulatory moves on private lettings outlined in the Government's Housing White Paper last September to Nigel Lawson's extension of the Business Expansion of the Small Enterprise Act to residential properties for rent, and you have the elements for a glowing, possibly even a reversal, of a 30-year decline in the private rental sector. The true scale of the rental market in London often surprises those more used to thinking in terms of the national decline of the private landlord. Proportionately, there are twice as many private rentals in the capital as there are in the country as a whole. The latest household tenure figures suggest that just under one in ten of all UK households, around two million homes, are privately rented. The trouble with statistics is that they have a habit of giving the facts, but not the truth. In this case, the figures belie the general perception that decades of rent control have left the sector with a residual mass of council housing. Just a surface veneer of a few tens of thousands of expensive properties held for company lettings, and hardly anything in the middle. But that view pretty well sums up the state of a market in which so many of these rentals in the middle are locked into controlled tenancies fixed at uncompetitive "fair rents", with owners waiting for the first opportunity to sell out, and occupiers waiting for home improvements that rarely come. If the proposals in the new Housing Bill to reform the reg-

ulation of tenancies and rents could draw fresh investment back into the sector, then the option to rent might become more generally available. But the memory of the media's favourite rogue landlord, Perec Rachman, still casts a long shadow. It is hard to see how even a system of assured tenancies with the scope to charge commercial rents and short-hold tenancies with agreed time limits on tenancy, will persuade a broad range of long-term investors back into the politically sensitive area of owning other people's homes. The BES proposals, which will allow unquoted residential lettings companies to raise up to £5m each from investors able to claim tax relief on up to £40,000 a year at their highest tax rate, are no magic solution to the provision of new property for rent either. Only companies providing assured tenancies, with their inbuilt security of tenure, will qualify under the BES rules. Although the companies will be able to buy existing vacant properties as well as developing their own, the Treasury has specifically excluded higher-priced homes by setting a valuation of £25,000 on each flat or house in Greater London, and £35,000 elsewhere. These schemes could attract additional private cash to help fund the privatisation and refurbishment of council estates, effectively preparing bite-sized chunks of public sector housing for eventual tenant sale or transfer to housing association management. They would also result in the creation of extra rental accommodation available on lease terms expiring in-time to allow for resale when the five year qualifying period for investment tax relief expires. While that would not provide any long-term increase in the rental stock at

least it would help fund housing development and refurbishment and help to reduce the number of vacant, derelict properties. Overall, it looks unlikely that the wind of change now blowing through the rental market will have a great deal of impact on the supply of company rented properties. That is just as well for existing investors, because they have worried enough about an oversupply of that standard product of so many of the London refurbishers, the chintzy two-bedroom flat. As Gerald Kay of Phillips, Kay & Lewis says: "We see all the developers' sympathetically restored or 'carved-out-of-period-building' flats, and the trouble is that an awful lot of

There is still plenty of choice in the rental market, although the indications are that tenants are becoming more selective

US executives able to afford prime London rentals. The blunt figures of job losses mask the fact that an increasing number of these executives have been given the option of heading home, or of converting to UK contracts and losing their US tax equalisation agreements, their foreign accommodation allowances, and their US-level pay rates. The global equity slide means that Wall Street doesn't look like a job hunter's paradise right now, and so a fair number of London-based staff are expected to accept these contract changes. Although rental agents chorus the view that the financial crash has had no significant adverse effect on demand, that could well be explained by the phased timing of many of these staff conversion programmes. In the meantime, although prospective tenants do have more choice than for some years, and existing tenants are reported to have become far more willing to bargain about asking rents when it is time to renew their agreements, there is still plenty of activity in the market. Prudential Property Services, with 16 rental offices in London and rental departments in many of its regional offices, underlines the increased selectivity of tenants. "There has been an increase in the demands for lets within new developments which offer facilities such as parking or full portage." PPS absorbed Chestertons' business in the Hyde Park estate north of Hyde Park, and PPS renters retain a particular fondness for properties in that area. As the company's Sue Fitzhugh says: "People still don't realise that properties are cheaper on this side of the Park, and that it is an ordeal." Elsewhere, PPS reports continued strong demand for rentals in Hampstead and in Hampstead Garden Suburbs, where a five-

bedroom house would now rent for around £450 a week. Bigger Highgate houses can command £500 to £800 a week, and further out the best two-bedroom flats are in the £150 a week range, £15 to £20 more than an equivalent flat in Wimbledon. Lorraine Campbell, of Lofts in Battersea, argues the case for rentals on her side of the river. "A well-located two-bedroom apartment in Battersea lets for between £150 and £170 per week. North of the river the price can be double." Battersea hasn't the appeal, or the prices, of its cross-river neighbour Chelsea. But they are both west of centre, and incoming rental tenants, particularly at a time when they are spoiled for choice of properties, automatically gravitate towards the traditionally fashionable parts of London. That has tended to emphasise the chicken and egg situation in the Docklands rental market. Given the properties bought there for investment it is hardly surprising that there should be a ready supply of one, two and three bedroom flats for rent. As Wapping and, to a lesser extent, Kinghouse, have gradually come to be accepted as part of the broadly defined central London market, the occasional lettings achieved a few years ago have turned into a steadier, if still patchy, business. In a rule of thumb guide to rents in and out of the docks, Savills' Wapping office would expect weekly rents for a studio to be around £150 for a riverside property and £25 for an inland property and £180-£200 a week for a comparable flat in Chelsea, Knightsbridge, or Kensington. The equivalent costs of a one-bed flat would be £225-£250 by the water, £150-£160 inland or £300-£350 in the West End, and for a two-bedder, £225-£350, £225-£250 against £400-£450 in the west.



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Weekend FT Property Pages

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GARDENING

Salads have changed. Peter Fort tosses the new-style ingredients and Arthur Hellyer tells us how to cultivate them

Fit for Peter Rabbit to eat...

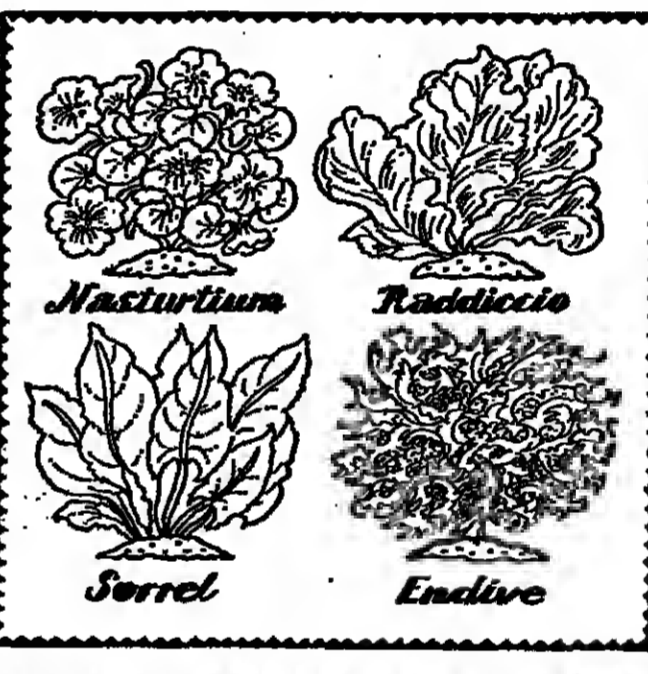
WE USED to call it rabbit food when I was at school. That was probably rather insulting to rabbits. I don't suppose Flopsy, Mopsy, Cottontail or even the mischievous greedy Peter would have risked their necks for the pathetic, brown edged, limp leaves that graced (sic) our plates in those days, along with slices of black and woody beetroot preserved in what appeared to be industrial vinegar, half a hard boiled egg, a sardine leaking oil and a few lumps of neatly potato stuck together with "mayonnaise".



delightful, if idiosyncratic, of recipes is provided in verse by that wittiest and most delightful of English parsons, Sidney Smith, who was as sound on the matter of dressings as he was on Catholic Emancipation, the Reform Bill and the place of bishops. I am as impure in the matter of dressings as I am pure in the matter of leaves. I have been known to add sugar (oh, the horror of it), mustard in powdered or prepared form and any of a range of vinegars which embrace red wine, white wine, champagne, cider, tarragon, balsamic and sherry, as well as dabble in walnut and hazelnut oils. It's all a matter of mood and occasion and leaves.

...and Mr McGregor to grow

NEARLY ALL salad vegetables need to be grown quickly and to be eaten while they are still young and tender. No-one knew this better than Peter Rabbit. In those stories about Peter, by Beatrix Potter, the warden Mr McGregor, always had his work cut out trying to keep Peter off his lettuce.



house, frame or under cloches but be sure to use a suitable variety that is tolerant of long nights, such as Valdor, Marmer, Parella, Little Gem or Rouge d'Ivoire. Suffolk Herbs, Heritage Seeds and Thompson and Morgan have some of the more unusual varieties.

So, in order to grow those young and tasty salad crops several sowings must be made at intervals of a few weeks so that there is a succession of crops coming along to take the place of those that are getting old or beginning to flower - bolting in the gardeners' jargon.

able everywhere but for some of the choice continental varieties (Thompson and Morgan, Suffolk Herbs and Heritage Seeds, should be tried. Their catalogues are generous with advice. Lettuce but is considerably hardier and more tolerant of short days and so was once regarded mainly as an autumn crop but is now in demand all summer. It likes just the same soil conditions as lettuce, fairly rich, plenty of moisture and good drainage.

Several very different plants are known as ROCKET but the one used in salads is Erucasativa which may also be listed as arugula, rucola and rocket. This is a very hardy plant, tolerant itself is easy to grow from seeds sown outdoors anytime from April to July where plants are to grow. Start pinching leaves when about three inches high and if the plants are overcrowded use the thinning-out method. Any reasonably fertile soil and open place will do. Suffolk Herbs, Heritage Seeds, and Thompson and Morgan have it.

WHEN a hurricane tells three centuries of trees in three hours, tree preservation orders (TPOs) seem irrelevant. But in most of the country, the trees survived. TPOs help to keep them.

Gerald Cadogan looks at preservation orders Trees of life

Clearly, TPOs are valuable in helping to conserve towns and villages against the excesses of owners. But often they are a low priority for councils, as there are not enough staff to issue the lists and check they are kept.

DIVERSIONS

Peter Gillman talks to two men who are about to embark on an epic journey

Through the Northwest Passage

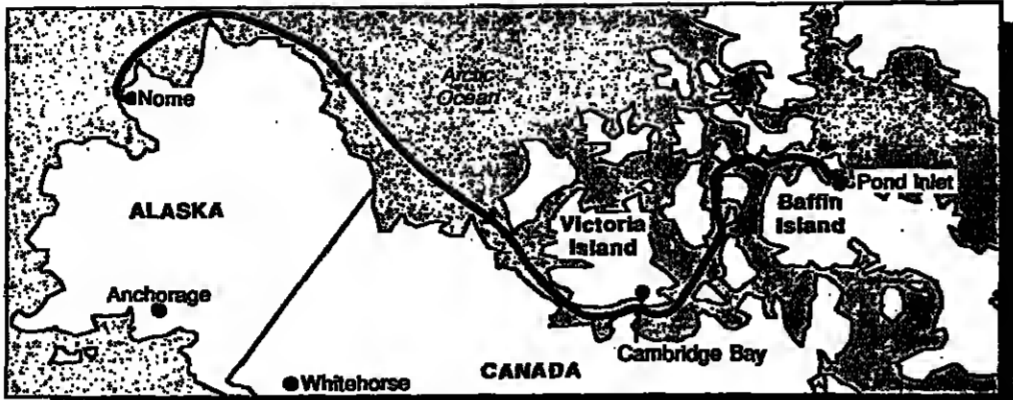
NEXT THURSDAY a dauntingly diminutive yacht will be launched at the first Plymouth Boat Show...

intrepid figures who pushed into the wastes of what was known as "Meta Incognita" or the Unknown Boundary Region...

est, with voyages made, inter alia, by nuclear submarines, an oil tanker and the power boat of the British adventurers...

backing, Jacques is confident that his venture has a far sounder basis both of finance and experience.

upon the type known as the Fal-mouth Bass Boat. It was conceived 30 years ago as a build-yourself "dayboat" at the economical end of the yachting market...



The two men, Mike Jacques and Mike Marriot, are both in their early thirties. They have similar backgrounds: merchant navy and/or armed forces, an interest in mountaineering and survival activities...

trapped in the pack ice. The discovery of bones and other relics, some as recently as 1984, testifies to the desperate struggles of his crew to reach safety by walking across the ice...

Greenland, and from there - at the age of 23 - to the dream of sailing the Northwest passage. The first plan foreshadowed for lack of cash...

bury. He left school at 14 to become a junior seaman in the Royal Navy. He too moved into adventure training which took him mountaineering in Greenland and he also had a spell with the Special Air Services...

It will also have a cuddy or covered section across the forward half of the deck for storing the 800 lbs of supplies...

As always with such ventures, not the least of their problems has been raising finance. Their target has been comparatively modest at £90,000, with £10,000 accounted for by the boat...



Mike Jacques (left) and Mike Marriot

urers have helped too, among them Kelly Hansen (thermal clothing), Kaximar (rocksocks), Phoenix (tent), Carrington (breathable fabrics), Compact (compressed food) and Timberland and Beebok (boots)...

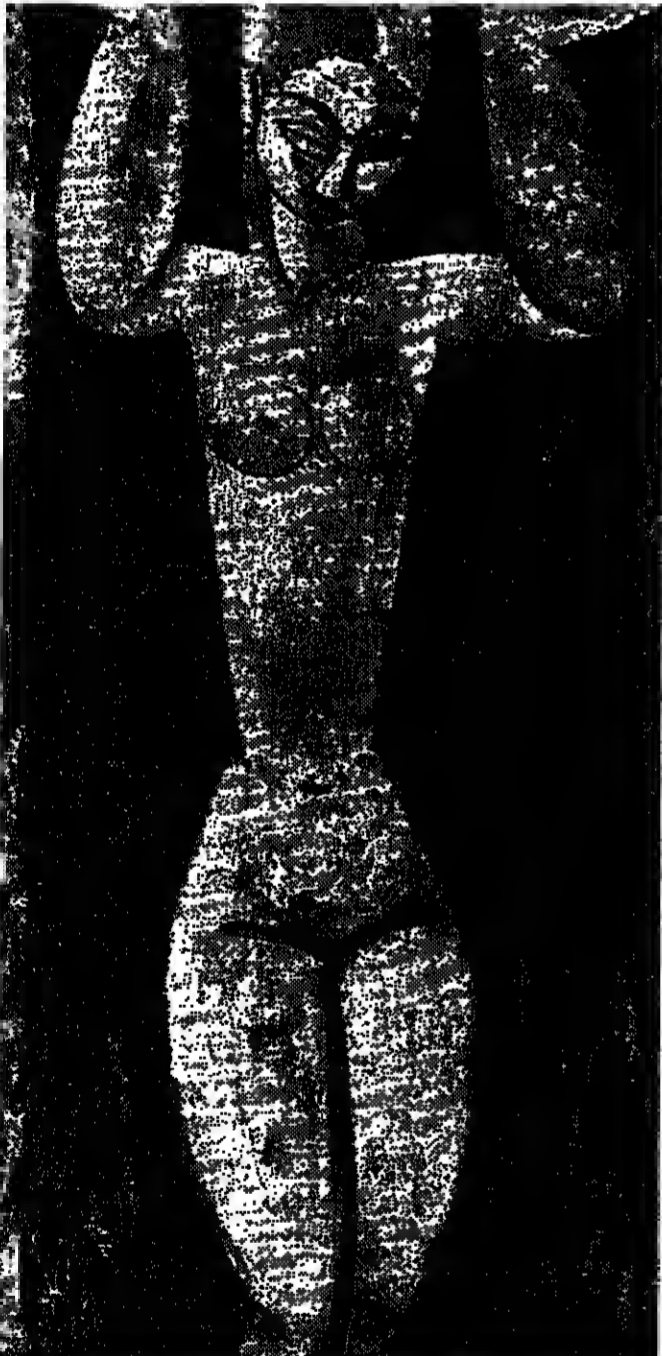
passage ahead is frozen, they will simply disembark and haul the Tulluk instead.

the south, Jacques and Marriot are fervently hoping for the same, as the flocks would be pushed north, leaving a clear channel in which to sail.

Jacques and Marriot are also selling postcards to be dispatched en route for £1.50 (available from British Northwest Passage Expedition, Magga House, 78 Queens Road, Bristol BS8 1LX. Tel 0272-255715).

They estimate that they could advance three miles a day by this method, against the 30 miles demanded by their schedule.

Like the Eskimos, Jacques and Marriot intend to be self-supporting. They plan to take all they need from Nome; there will be no air-drops or supply caches.



Amedeo Modigliani's Cariatide, estimated to fetch between £1m and £1.5m at Christie's Impressionist, modern pictures and sculpture sale on Monday

Saleroom Out to make an impression

The auction houses would be in dire straits without the Impressionists, says Antony Thorncroft. Their importance is paramount

THERE WERE two comfortably familiar generalisations on hand for anyone pontificating about the two great British salerooms, Sotheby's and Christie's. One was that Christie's was staffed with gentlemen pretending to be businessmen...

Both cliches seem dated. The scandal in New York when the managing director of Christie's there was caught out lying about the success, or rather lack of it, of an important auction...

"THIS NATION conceives it right to combat theft and robbery, not only against foreigners and hostile nations, but even against their own countrymen."

Giraldus Cambrensis wrote even less kind things about the Welsh, yet historic Wales stands to make £1m out of Giraldus this year, the 800th anniversary of the extraordinary odyssey which resulted in two of his books, "The Journey Through Wales" and "The oldest travel book still in print - and The Description of Wales."

In 1188 Henry was about 42 and in royal favour, according to John Carr, director of Cadw, the Welsh Monuments Commission, which has planned this year's programmes and invested £200,000 in it.

A very sharp Welsh tongue



The builder bishops who made their marks on the building, the community and the Church. A new book on Gerald, Mirror on Wales, by Charles Kiteley, has also been published.

this effort because he wrote with a vivacious and freshness which brings medieval Wales to life, and because he actually preached at about 20 of our sites during the journey, said John Carr.

Simon Tait

BRITISH PAINTINGS FETCH WORLD CLASS PRICES AT PHILLIPS



John Non Sartorius, 'The Prince of Wales' rears horse 'Escape' with trainer and jockey on Newmarket Heath. Oil on canvas 1791. Recently sold at Phillips for £30,000.

The British Paintings market includes all work from the period 1550 to 1840, and comprises Sporting, Marine and Landscape paintings as well as Portraits.

As a sector it is very buoyant at the moment, with excellent prices being achieved for all examples, whether the artist is a household name or not.

To offer our Clients the opportunity to take full advantage of these conditions, Phillips are holding a special sale of Fine British Paintings on June 7. We can accept items for inclusion until April 5.

So if you have any pictures that you may be thinking of selling and would like appraised free of charge and without obligation, please contact John Dabney on 01-629 6602 Ext 211.

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SNOWDROPS 40 varieties flowering Sept-April and now for better flowering 1988

DIVERSIONS

Take your tresses where they will be treated seriously. We all need pampering occasionally...

HAIR — tackle the root of the problem

OH, NANNY would be pleased. Today's fashionable head is all about health, cleanliness and lots of sheen.

They've been teased and permed, coloured and twisted. They get washed in strong shampoos with too much detergent, they get dried at high temperatures.

If your hair is looking more like limp wire than a Burne-Jones halo, do not despair, help is at hand.

There the lovely Odile, hair a shining tribute to her sex, will gently prise away some ten or twenty hairs all the while asking pertinent questions.

All the deficiencies of a lifetime are there. Maybe you will be luckier (or healthier) than I. Only one of mine passed the Odile test.

With that Odile began to draw up a programme of what for want of a better word I can only call restoration.

All this is designed to treat the roots — where all the trouble starts. The analysis of the hair and its roots is free.

I'm only a couple of weeks into the programme. I'll report back in three months time.

If you don't fancy taking care of the treatment yourself, the L.P. Lazzarogues way, you could take your tresses to Harrods Hair & Beauty Salon Long Hair Clinic.

Over at John Frieda, at 75 New Cavendish Street, London W1, too, is currently heavily into conditioning treatments.

"Today's hair," he tells me, "is all about looking groomed. Longer, much more romantic hair, that is, properly dressed is what we're doing now.

Long hair needs careful looking after — take your problems to Harrods Long Hair clinic

Recall in those early pictures with Humphrey Bogart and you'll get the look. The problem is that all these Thirties styles have been out of favour for so long that we're all having to relearn how to do them.

Both went along somewhat nervously — terrified that they might come out looking heaven forbid, "died".

They both liked the fact that it was so subtle, the difference was there but none of their friends were likely to say "Good God, what have you done?"

More for men. A traditional hair cut, no fancy tinting, waxing or moustache twirling, can be had at Hackett's new barber shop at No 8, Beauchamp House, New King's Road, London SW6.

Longer, much more romantic hair is what we're doing now.

Waves, finger-waves, pin-curling... think of Lauren Bacall in those early pictures with Bogart and you'll get the look.

It's a funny thing about grey hair — like wrinkles, it never bothers you on other people but just wait until it happens to you.

My colleague Hazel Duffy has a wonderful soft cloud of hair but in recent years it has gone quite grey, well, to be truthful, grey for nearest and dearest.

No glamorous rising executives, no attractive women enjoying her middle years — just grannies, grannies everywhere.

My husband was rather different. He, not being prone to much agonising over his appearance, hardly gave the matter a thought.

He explained that once people start to go grey they also begin to lose pigmentation in the skin and it is absolutely vital that they shouldn't go in for hard tans.

Edmund Penning-Rowse on the 'historic monument' of Bordeaux

A question of classification

THE DEATH of Baron Philippe de Rothschild served to remind classed-growth claret drinkers that, since the celebrated 1855 Bordeaux classification, he alone (in 1973) was able to secure a single change in its hierarchy by having Mouton-Rothschild elevated from second to first growth.

To some, this classification is largely meaningless after 136 years. But that is not how they look at it in Bordeaux and only a few weeks ago, Sud-Ouest, the Bordeaux daily, conducted a survey among those who know anything about the classification.

The only one who favoured a new classification outright was M Guy Prévoctean, the representative of the Institut National des Appellations d'Origine which would be deeply involved in any changes.

Official machinery already exists for producing at least a revision, and that is how Baron Philippe secured his promotion.

On the whole, Mouton had not fetched the same figures as the first: Lafite, Latour, Haut-Brion and Ch Margaux. Yet, it did achieve a higher price than the other seconds, including Luvville and Grand Larose.

Certainly, Mouton's purchase in 1983, Baron Nathaniel de Rothschild, was anxious to secure parity with the adjoining Lafite; but when his cousin, Baron James de Rothschild, acquired Lafite 15 years later, that branch of the family was not exactly keen on this taking place.

Moreover, the two generations that followed Baron Nathaniel were little interested in Mouton, which was run by managers.

In the 1960s, there was a good deal of discussion as to a new, or revised, classification, and in 1963 the Léchêne produced one in 1963 that included all the distinguished red growths of Bordeaux.

Then, suddenly, in 1973 the Minister of Agriculture signed a decree for a class-by-class competition for a new classification that would eventually include the *crus bourgeois*.

However, the *crus bourgeois* have been pressing ahead. In 1982 they re-formed a pre-war syndicate, and in 1978 issued an official accepted but not officially authorized (subtle difference) list of *crus bourgeois*, *crus bourgeois supérieurs* and *crus exceptionnels*.

Overall, the collective view was that it would be a damaging, dangerous mistake to touch the "historic monument" of 1855, which had been carried out very well as the result of long observation and generally defined the growths most suited to producing the best wines.

Official machinery already exists for producing at least a revision, and that is how Baron Philippe secured his promotion. His was, however, a marginal case. The 60-strong 1985 list was essentially based on one consideration: the price that a property's wines had secured traditionally on the Bordeaux market for the preceding 100 years.

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Wine

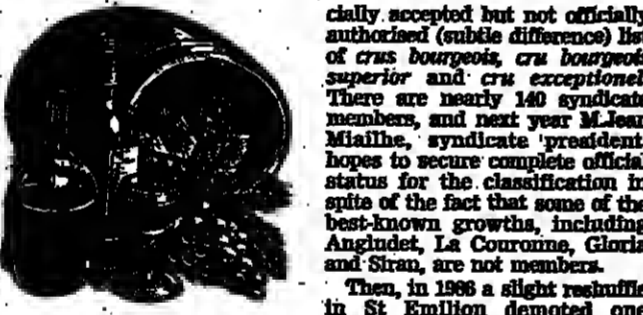
Among the non-classified properties that will benefit from the new superior appellation will be La Louvière, Larivert Haut-Brion and Foutac-Monplaisir.

To achieve this distinction, they have had to agree in cut slightly their basic yield per ha, and to increase the total vineyard size from the existing 800 ha to the prewar figure of 1,500 ha.

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Advertisement for The Automatic Chronograph by Audemars Piguet. La plus prestigieuse des signatures. Available at: Asprey, Garrard, London Hilton, Mappin & Webb, David Morris, Tyne, The Watch Gallery and Watches of Switzerland.



Wine

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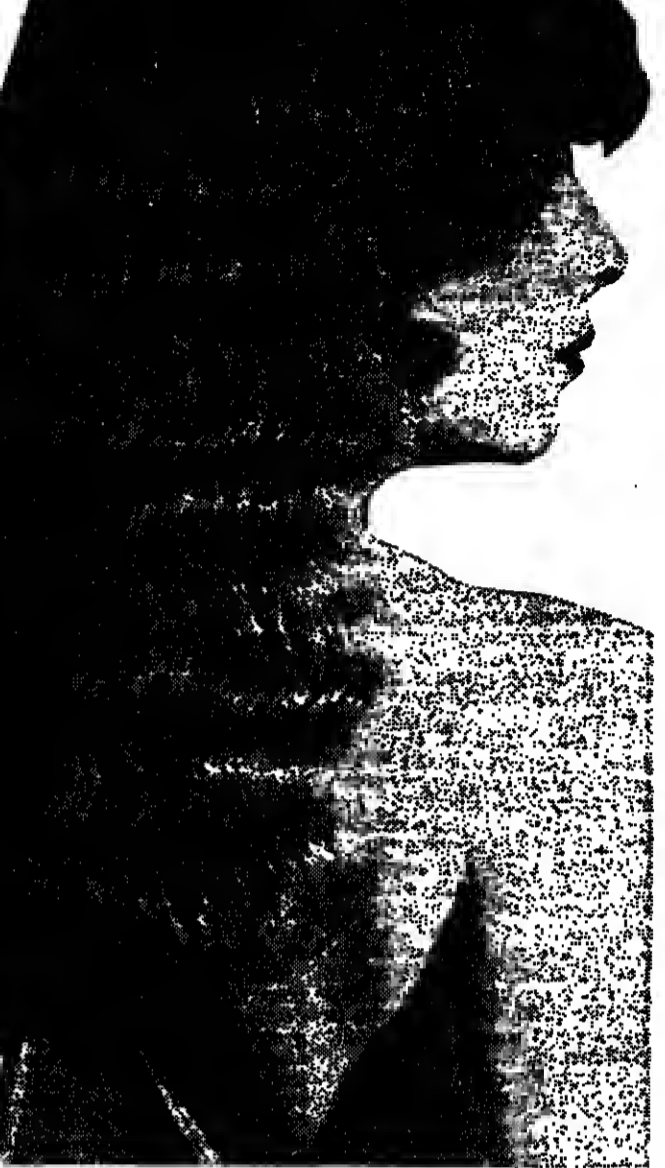
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Left: Clairol Wavelengths are to the 80s what Carmen Rollers were to the 60s.

Advertisement for Cordier wine. What price excellence? Less than you might think with these superb clarets from the House of Cordier — one of the greatest names in Bordeaux. Our petits chateaux selection — Tanesse, Le Gardera and Plagnac — offers you the opportunity to savour three remarkably fine Bordeaux wines at surprisingly agreeable prices. Available from most good wine merchants.



Lucia van der Post. Above: 80s-style glamour by John Frieda. Conventional ways of getting this kind of wave were time-consuming but today the look can be achieved relatively quickly.



Above: Dressed or styled hair is the mood of the moment. Tie it back in chignons, twist it round with ribbons or take it along to Edmonds, of 40 Beauchamp Place, Knightsbridge, London SW3 (tel 01-589-5958) and have it chicly caught in a snood.

Left: Clairol Wavelengths are to the 80s what Carmen Rollers were to the 60s. Fourteen flexible stylers can be heated in 10 minutes and then wound into the hair to give curl all along the length. £24.95 from most good electrical shops, chemists and department stores.

Advertisement for Boodle & Dunthorne Jewellery. ESTD 1793. BOODLE & DUNTHORNE. Less than you might think with these superb clarets from the House of Cordier — one of the greatest names in Bordeaux. Our petits chateaux selection — Tanesse, Le Gardera and Plagnac — offers you the opportunity to savour three remarkably fine Bordeaux wines at surprisingly agreeable prices. Available from most good wine merchants.

ARTS

FT critics focus on the regions and review theatre in Edinburgh, Gloucester, Bristol and Salisbury

An image that is much too respectable

THE TRAVERSE Theatre in Edinburgh celebrates its 25th anniversary this year. The new season opened on Thursday night with the world premiere of Sue Glover's The Straw Chair.

verse has now become rather too respectable. Good grief, the beautiful Me Killick walked elegantly into the arena to present the actors with bouquets as they received their somewhat banal applause.

The Traverse has now become an institution with a conscience, where once it was a haven of irresponsible bohemia. It had to be a club to combat the censorship and licensing laws.

at the tedious tale of an abandoned Edinburgh society dame, suspected of Jacobite undercurrents, festering in exile among unseen patois and all too visible polyester bouffants.

former deputy chairman, of imitating New York's La Mema or providing a new hang-out for junkies and drunks, although the Traverse has been, in its inimitable way, all things to all sorts of men and women.

runs the Royal Court. These were the people who put on the work of C P Taylor, of David Hare, of Trevor Griffiths and of Howard Barker when nobody else very much wanted to know.

immune to aesthetic innovations in dance and drama, and there is, each time I turn up, a sort of reactionary prudishness about the proceedings.

Michael Coveney

BETWEEN MME Ramey and self-made Lopakhin there was a social gulf that must surely have been evident from more than their different feelings for landscape.

Trevor Barker's Gavoy. I do not ask that the common people should be made deliberately common, just that the well-descended must ensure that they radiate a touch of class.

always cheerful in Sarah Winman's playing (unappreciative perhaps of what is going on), the belle of the farewell ball in her French Revolution gear.

man, but only sounds 60. He sleeps contentedly on the floor when the family has gone at the end of a long, slow departure.

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Appearing in The Death of Arthur are from left, front: Philip Anthony (Gawain) Martin Head (Arthur) Anna Keene (Mab). Back: Andrew Wincott (Perceval) and Ann Payot (Red Queen)

Arthur's naked combat

JOHN FLETCHER — not Sir Francis Beaumont's partner but a living one — has encapsulated the Arthurian legend in two and a half hours in which King Arthur himself (Martin Head) plays only a small part.

Mr Fletcher says he is concerned with the Celtic element in the story, which is powerfully feminist. (Besides Morgana, we have Queen Mab, fighting alongside Arthur's knights.)



Mary McCusker (Mary Stuart) and Clive Flint (Andrew Melville) at the Salisbury Playhouse

Touch of class sought

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Ideal soap opera

EVEN in midweek the Salisbury Playhouse is full for Schiller while Euripides thrives in the Studio Theatre. Celebrated local writer, Claire Lackham, (of Trafford Town House) has adapted Henry Stuart with zest and gusto.

asks the Earl of Leicester of Sir Amynas Panlet. What indeed? Inevitably the great imaginary show-down between Stuart and Tudor queens falls slightly flat, since "whore" and "bastard" are common currency.

imes, or the stylised paneling of Westminster. An excellent cast carries the material. Tim Hicks is a highly washbuckling Burleigh, not the usual greybeard but an adventurer who could accompany Raleigh to Virginia as easily as negotiate corridors of power.

Radio

A middle age journey. Ameliorations proposed by various concerns include day centres, even further education such as the University for the Third Age, fitness classes and dances.

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A middle age journey. Ameliorations proposed by various concerns include day centres, even further education such as the University for the Third Age, fitness classes and dances.

Records Magic from Circe

Leclair: Scylla et Glaucus. Brown, Yakar, Crook; Monteverdi Choir/English Baroque Soloists/Gardiner. 3 CDs. EMI 802 3 7833.

performance, in concert, at St John's Smith Square in 1979, in the edition prepared by Neal Zeeval and himself. Leclair mastered the requirements of tragédie lyrique with discerning ease.

clear attack go the pulse and distinction of phrasing that give life and meaning to Rosini's line. Giménez is claimed as "a true tonore di grado" but that may be premature.

UNEXPECTEDLY I caught sight of Joan Bakewell on my television. "Do we really," she was saying, "want people's needs marketed like soap-powder?"

There is a delicious happy ending, when Edie seems to be cured by watching the Royal Wedding on the television. Let's book that cruise, says Helen to Ted. But the telephone calls. Carol has left her faithful spouse and is on her way with her baby and all her gear. Mothers never win.

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Art Galleries

ALLAN RAYNE - Hand Coloured Old Master. A new collection in new oil. Colour, form and style so real you'll believe it's the original. Price: £150.00. 10, The Arcade, London, W1P 9LN. Tel: 01-475-3331.

The Argentinian Raúl Giménez is one of the valuable lyric tenors who have recently appeared just in time for the revival of interest in Rosini's serious operas.

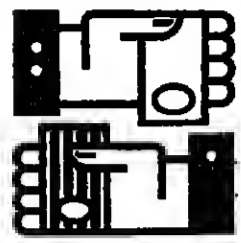
None of this spots the glory of Spini's voice, a lyric-dramatic soprano, golden, fine-spun, proud — a vocal thoughtleader. Her Verdi arias from Ballo, Trovatore and Otello (and the love duet from the last-named, with Zeno-tello singing like a caged beast) have a triumphant quality.

There were programmes too about the activities of the old. In Sharing the Earth on Saturday, Nicola Hartley speaks about her childhood with brother Leslie, with some readings from the

Norman Adams. A fine set of 8 1/2 x 11 inch 100% cotton shirts. 100% cotton shirts. 100% cotton shirts.

MARLBOROUGH. RAYMOND MASON Le Marche à Cachin, le 6 Dec. 1886 ink on paper 194 x 254mm/50.2 x 55cm. WORKS ON PAPER BY CONTEMPORARY ARTISTS. 18 March-22 April, 1988.

FINANCIAL TIMES SURVEY



All sections of the pensions industry are being galvanised by the biggest revolution for more than a

decade, writes Barry Riley. Insurance companies see a big opportunity but are losing their monopoly, and company schemes are planning improvements to meet the threat.

Two citadels under siege

A PERPLEXED public will this spring and summer be subjected to an unprecedented blast of advertising about the rarefied subject of pensions.

Already, supposedly dignified Scottish life offices are camping it up in hills on the TV screens, while raucier Sassenach investment groups are coveting their catchy jingles. Some of the less diverting advertising will come from the Government itself, as it attempts to put over the message of its legislation.

This is the year of personal pensions. In a classic example of Thatcherism in action, the Government has challenged those twin citadels of corporatism, the State Earnings-related Pensions Scheme (Serps) and the occupational pension schemes run by companies and other bodies.

The existing pensions patterns have emerged from the consensus politics of the 1960s and 1970s. The State agreed to look after the less wealthy groups in the workforce with a basic state pension and the second-tier Serps, which has covered roughly half the employed population. The remainder, rather more than 10m people, have been included in the paternalistic occupational schemes, contracted out of Serps,

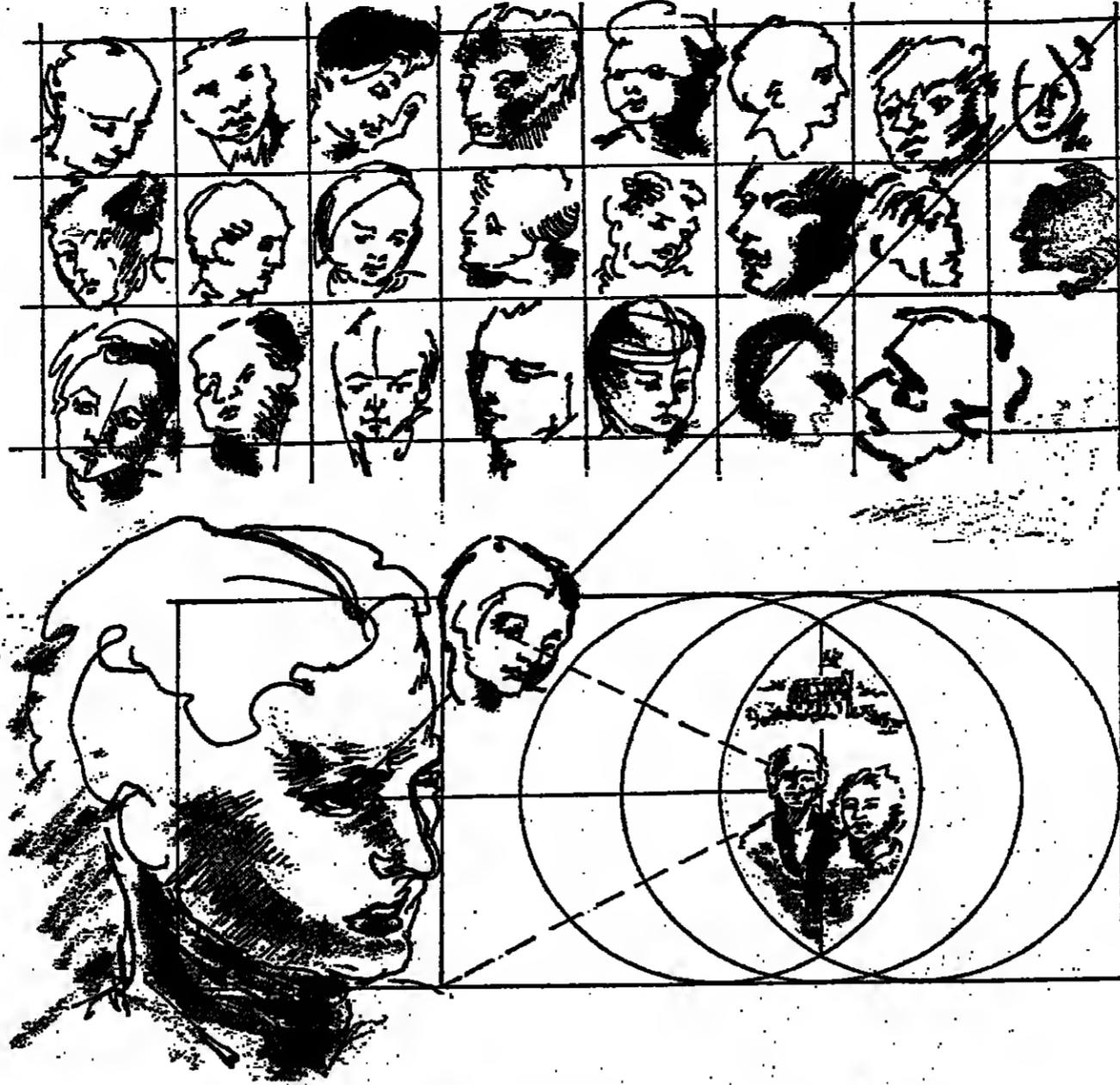
which have become the rule for major companies.

Both elements of the old-style pensions framework were characterised by compulsion. All employees had to belong to Serps unless they were employed by companies which decided to contract out. In that case, employees were almost always required to belong to the company scheme as a condition of employment.

There were good reasons for forcing people into such schemes. The State did not want destitute old people on its hands who would have to be supported. Companies, for their part, could not run economical schemes unless the contributions of young employees could be used to cross-subsidise the benefits being accumulated by older workers nearing retirement.

Most of this was anathema to the radical Tory regime of the early 1980s. For one thing, the cost of Serps threatened to balloon in the 21st century as the population aged. More immediately there was the problem that vast investments were piling up in the hands of pension funds, leading to a progressive institutionalisation of the investment markets.

In contrast, the Government



Personal Pensions

leaned strongly towards a personalisation of pensions, so that individuals had an interest in their own investments. Just as importantly, their job mobility could potentially become much greater when they were freed of the shackles which most companies built into their schemes.

In the event, the Government's reforming zeal was blunted, and a new compromise was struck. But there are crucial differences from the old regime. Individuals will now have the right to opt out of both State and occupational schemes, subject to making minimum alternative arrangements.

Personal pensions, until now, have been limited to the self-employed and to employees in companies without pension schemes,

such workers being entitled to make supplementary arrangements (few have done so in practice).

Now a vast new market is being opened up to personal pension providers. Potentially all members of Serps and occupational schemes are customers, and even if in practice only a small minority are both accessible and economically attractive, this could still amount to millions of new customers.

The key legislation was passed some time ago, chiefly in the form of the Social Security Act 1986 and the Finance Act 1987 (No 2), but implementation is in 1988. From April 6, employees will be able to opt out of company schemes, but due to a slight

mismatching of the timetable (in part relating to delays in implementation of the Financial Services Act 1986) the new-style personal pensions will not become saleable until July 1. They will then replace the old-style Section 226 personal plans, which had more restricted availability.

All sections of the pensions industry are being galvanised into action by this, the biggest pensions revolution since the Barbara Castle reforms more than a decade ago. The life assurance companies clearly see an opportunity to practise their skills at the mass marketing of long-term financial products.

Over the past couple of decades the life offices have been squeezed out of large areas of the

company pensions market which they used to dominate, as companies have opted for self-invested, rather than insured, schemes. Now, not only are the life assurance offices aiming at individuals, but they are also marketing alternative schemes to companies that are worried about possible fall-out from their main schemes.

These major company arrangements are constructed on a "final salary" basis, with benefits linked to pay levels at or near retirement rather than to contributions that have been paid. The new alternatives are on a "money purchase" basis whereby, in direct contrast, the contributions determine the benefits.

Quite a few companies are considering offering these contract-

How the new regime will work
Company schemes
AVCs
Employees' choice
The self-employed
Regulation

Pensions for the highly-paid
Comparing the benefit options
The new providers
Pension mortgages

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Illustration: Ann Chasseaud

ed-out money purchase schemes (comps), as cheap options that will dissuade young employees from setting up their own fully personal plans. Effectively, comps represent a halfway house between company and personal plans.

But although the insurance companies see a big opportunity, they are also losing their previous monopoly of the personal pensions market. From now on, various other pension providers will be able to enter the field, including banks, unit trust companies and building societies.

As for occupational schemes, besides comps, many are planning additional improvements and refinements to combat the threat of personal pensions. They are helped by the widespread availability of investment surpluses which allow enhanced benefits to be financed, or perhaps allow employee contributions to be cut.

Their strongest weapon, however, is probably their ability to withhold full company contributions from employees who opt for personal plans. Such employees will usually receive no more than the minimum rebate of the Serps element of the employers' National Insurance contributions worth 3.5 per cent of earnings up to £15,960 a year. In contrast, employees will often pay 10 per cent of the employee's pay into the company scheme (though, for the time being, many companies are actually enjoying a "holiday" because of those investment surpluses).

Only a tiny proportion of companies with occupational schemes are proposing to pay anything on a voluntary basis into employees' personal plans. Moreover, according to a recent survey by the Confederation of British Industry, most companies are refusing even to provide death in service and disability cover, benefits that are usually bundled with pensions but are not necessarily directly connected with them. So it will take a highly independent-minded employee to choose the personal pension route in the face of such powerful disincentives.

This may not worry the Government too much, however, because, despite its one-time radicalism, it has in practice declared a truce with the occupational schemes and has concentrated on reducing the role of Serps, with the aid of a carefully-judged incentive payment.

In promoting personal pensions, the Government needs to preserve a balance. At the wealthier end of the income scale per-

son plans are used as tax shelters, and benefits and contributions must be carefully restricted to prevent abuse. With the average or below-average earner it is quite different, however. His interest in pensions is usually minimal, at any rate until quite late in life.

To entice the less wealthy citizens out of Serps the Government has therefore employed a "bribe" of 2 per cent of income which, until 1993, can be channelled into a personal plan.

Including the employee's and employer's National Insurance contributions, and allowing for tax relief, the total package amounts to some 3 1/2 per cent of income. But that is only about half the maximum contribution of 17 1/2 per cent permitted under Island Revenue rules (those aged 50 or over can pay more), which underlines that the minimum plan is unlikely to lead to a very prosperous retirement.

Moreover small-scale plans of this sort of size (say, rather less than £100 a month for the average male earner) will not prove very enticing for personal pensions salesmen. Most insurance companies insist that their representatives will not attempt to invade the potentially lush pastures of the occupational scheme memberships, arguing that it would be dangerous to try to lure members away from good arrangements. However, the temptations are bound to be there.

It is a little soon to say how effectively the occupational schemes will be able to defend themselves against encroachment by personal pensions. Most of the company schemes have been busy developing their strategies, and in the short run many of them will seek to carry on much as before. Few are taking a positive attitude to personal plans. Some observers think that fundamental changes will take place in the longer term, however.

In the past, growing companies have set up final-salary schemes on reaching a certain size and maturity. But such companies may in the future be more content with money purchase schemes, if these seem more widely accepted; they are, after all, considerably cheaper to operate than the normal final-salary scheme.

Any deficiencies can be offset by top-up arrangements or additional voluntary contributions. The flexibility of these has been enhanced by the government decision to allow occupational

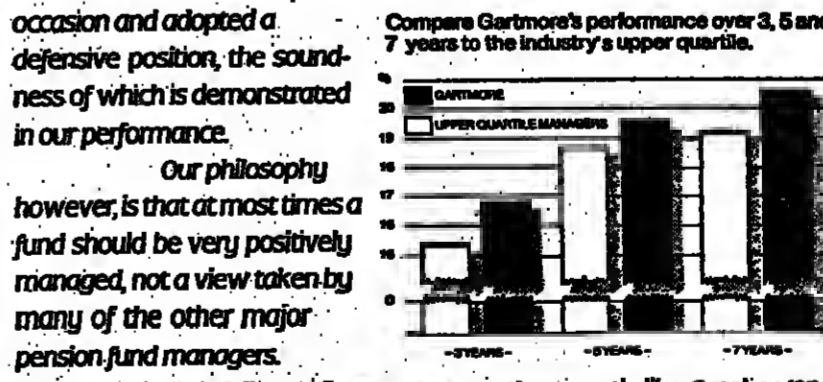
Continued on page XXII

Q
"How effectively did your fund managers anticipate the October 'correction'?"

Naturally, nobody should ever judge a pension fund manager's performance over a one year period. However, from time-to-time there emerges a patch when things become singularly tough.
October 1987 was the sharpest 'correction' since 1929.
Gartmore, as the figures show, rode the storm so well that we were among the year's most successful major managers, which, for the trustees of the 80 funds we manage was rather reassuring, to say the least.
However, it is only when you look at a fund manager's 3, 5 and 7-year figures that you can judge just how effective they are at their job.
This performance reflects Gartmore's management philosophy that a pension fund should only occasionally be managed defensively. Midway through last year we anticipated such an

An embarrassing little question for all pension fund trustees.

Fund Manager	Performance in 1987 (%)
Gartmore	5 1/2
Phillips & Drew	5
Prudential Portfolio Man.	4 1/2
Kleinwort Grieverson	4
County NatWest	3
Legal & General Inv.	3
Lloyds	3
Mercury Asset Man.	2-3
Schroder	2 1/2
Baring	2 1/2
Hambros	2
Barclays de Zoete Wedd	2
Morgan Grenfell	1
Robert Fleming	1
Murray Johnstone	1
Rothschild	1
Baillie Gifford	0
Henderson	-1



Our philosophy however, is that at most times a fund should be very positively managed, not a view taken by many of the other major pension fund managers.
Hopefully, we'll never see another month like October '87 again, but whatever happens, we'll get on with our job of managing our trustees' funds in the way they have come to expect.
If you would like to hear more about our approach to group pensions, COMPS and personal pension plans then contact Alastair Cuming on 01-623 1212.

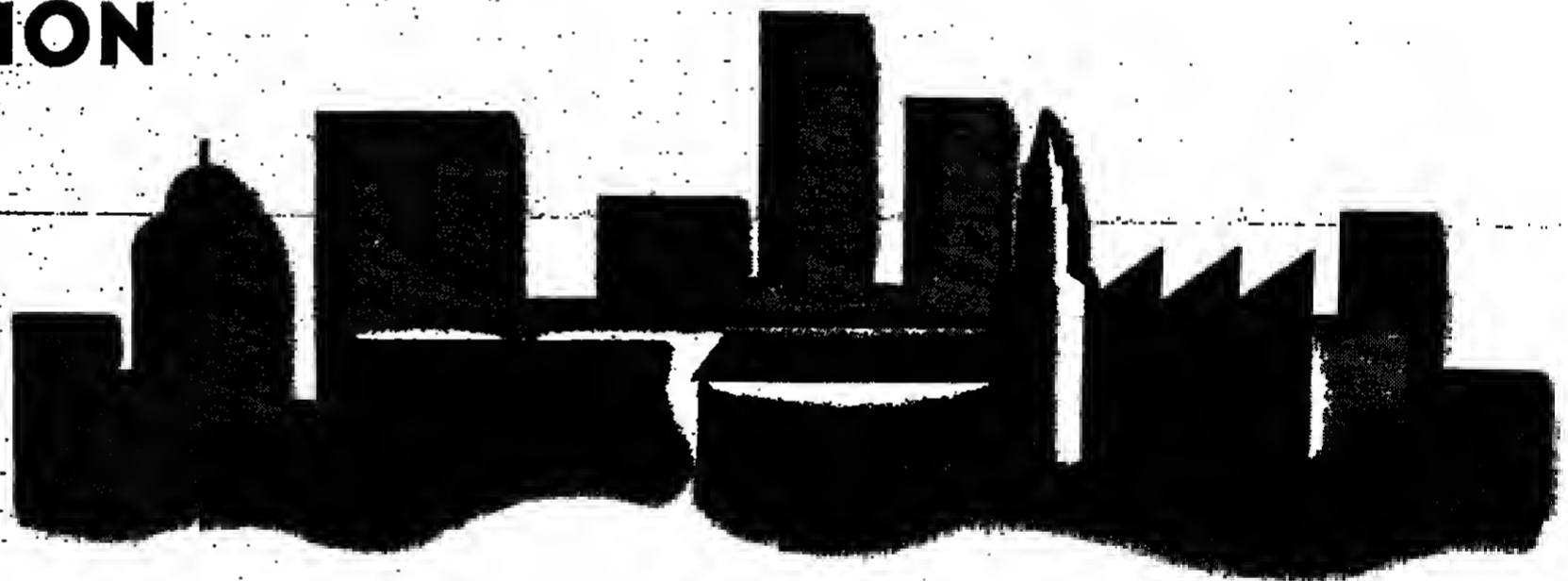
Gartmore

Gartmore Pension Fund Managers Limited, Gartmore House, 16-18 Monument Street, London EC3R 8AJ.

Source: Financial Weekly



**WITH
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HAVE
YOUR
WINGS
CLIPPED.**



'Up, up and away.'

An IndePension won't keep you tied down. You'll be free to take off from one job to another without leaving your pension behind.

You'll also be free to take a pension when you're still young enough to enjoy it. (New laws coming in July say you can start taking a pension when you're fifty.)

Now's the time, then, to think seriously about a Scottish Amicable IndePension. Ring 01 200 0200 for our pensions pack, then talk to an independent financial adviser.

Unless you take these first steps, your independence plans will never get off the ground.



THE RIGHT DOTTED LINE.

PERSONAL PENSIONS 4

The highly-paid

Companies will take a hard line

IN ANY discussion about which category of employee would benefit from a switch from a company scheme to a personal pension, the first mention is invariably of the high-flyer executive.

The impression coming from employers is that they are proud and possessive towards their company pension arrangements.

Regulation: Eric Short assesses the task facing the administrators

The rules are incomplete and anomalies may confuse

NEXT MONTH sees the start of another set of radical changes in the investment field - the new regulatory environment brought about by the 1986 Financial Services Act.

Intermediaries must ascertain fully the pension requirements of the client, and then recommend the appropriate course of action to meet these requirements, advising on the necessary contracts.

Comparing the benefits

Rhapsodies use conflicting keys

IN MAKING his pension arrangements, an employee has to decide between three options - the State Earnings-related Pension Scheme (Serps), a company scheme, and a personal pension.

Providers in competition

Life players retain four aces

LIFE COMPANIES are losing their virtual monopoly of the individual pensions field under the new legislation.

Banking, building societies and unit trust groups will be able to offer the savings element, up to retirement, of personal pensions and free-standing additional voluntary contribution schemes.

It remains to be seen how employers and employees react to the changed situation.

Pressure to show monetary value

Eric Short

Alternatively, the statement can show the ultimate pension amount in the same form as that received from the company scheme, it will not permit a fair comparison.

The tax-efficiency of a pension mortgage is more widely available. Debbie Harrison explains the system

Buy your house at work - but take care

PENSION MORTGAGES are the most tax-efficient method of financing mortgage repayments. Yet traditionally they have been available only to people with a personal pension arrangement.

For the employee, tax relief on premiums is available on contributions up to 15 per cent of salary. For the self-employed, it is available on up to 17.5 per cent of taxable income.

that attitude is changing, partly because employers see that to offer advice in this area increases the value of their employee benefits package.

an employee had decided to opt out of the company scheme to take a personal pension, an additional life assurance policy would have to be taken out.

Table: How a pension mortgage works. Columns: Repayment, Endowment, Pension. Rows: Main aged 40, 25 per cent tax relief, Loan £20,000 - term 25 years, Interest rate 10.4%...

Table: Amount needed to top up. Columns: Age, 25 per cent taxpayer, £, £. Rows: 35, 40, 45, 50, 55.

Advertisement for The Equitable Life. Text: 'Someone retiring on 1 May 1987 would have been 57% better off with The Equitable than with the worst performer among our competitors...' Includes contact information and a form for requesting a prospectus.

WEEKEND FT

SPORT



Cricket/Teresa McLean

Decline and fall at Fenner's

ONE SUNDAY afternoon a couple of weeks ago I talked to the groundsman at Fenner's, the Cambridge University cricket ground...

women meant fewer men, far fewer gentlemen, and the consequent collapse of cricketing standards...

Tony Pooock, long-time overseer at Cambridge University's famous ground, surveys the sad state of the varsity game nowadays and concludes that the main reason is too many women in the colleges - and too few gentlemen...

to find that he was contemptuous of the scientific advisers who take pills of his soil away in test tubes...

about their jobs. But he confessed to delighting worms and commercialisation. His best experiences? Too many to count...

Tennis/John Barrett

Sabatini stalks Steffi

THE DARK brown eyes blazed with an intensity I had not seen before but the voice was calm and purposeful...

There are also younger reasons... at least three might be. Monica Seles is 14 and comes from Yugoslavia...

eventually won 7-6, 6-3. "She mobbed me," said the very relieved No. 3 seed at the end of the match...



Sabatini...ambitious

It was an ambition fanned by her first victory in 13 meetings against the world leader, Steffi Graf...

Apert from illness or injury, though, there are many reasons why this simple logic could be disturbed...

So frighteningly intense has been the preparation of this latest prodigy who won the Sport Gooly tournament for 12-year-olds...

Curiously, their lives have followed similar paths. Both were infant prodigies. Both are devoted to their families...

There was an unmistakable sparkle in her eye when she said: "And I started skating - it's wonderful. But music is the most important thing to me outside my tennis..."

FT CROSSWORD No.6,591

SET BY DINNUTZ

Prizes of £10 each for the first five correct solutions opened. Solutions to be received by Wednesday April 6, marked Crossword 6,591 on the envelope...

Crossword puzzle grid with numbers 1-27 and 1-10.

- ACROSS: 1 Nutsy biscuits (8), 2 A Maxx resort takes in eastern fall (8), 3 Receptacle recommended for anxious packer, going by air (3,3), 4 Real Madrid's fluttering butterfly (3,7), 5 One of the Transylvanian creatures, we pull up blossoms (8), 6 Branch of geometry for which "Fiddler on the Roof" star turns gay? (8), 7 Race competitors about to sprint strong plea (3), 8 Disinfect in the sun? Surely not! (8), 9 Privileged leave bin out (8), 10 Home brewer's vessel (6), 11 Rose Sea's stormy. Call him out to inspect damage (3), 12 Egyptian god going round in a bus (6), 13 Spanish traveller encountered near cre (6).

SATURDAY

Television and radio schedule for Saturday, listing programs like BBC1, BBC2, Channel 4, Granada, and Ulster.

SUNDAY

Television and radio schedule for Sunday, listing programs like BBC1, BBC2, Channel 4, Granada, and Ulster.

TELEVISION AND RADIO

Detailed television and radio schedule for Saturday and Sunday, including program titles, times, and channel information.



James Donnelly and Warren Clarke in Reasonable Force: BBC 2, 10 pm

James Donnelly and Warren Clarke in Reasonable Force: BBC 2, 10 pm. A sequence of poems from the 19th and 20th centuries compiled by Peter Dickinson...

Handwritten signature or mark at the bottom of the page.